



DEPARTMENT OF FINANCIAL REGULATION
89 Main Street • Montpelier, VT •, 05620-3101
802-828-3301 | www.dfr.vermont.gov

Consumer Alert: July 24, 2023

Flood-Related Insurance and Investment Scams and Frauds

MONTPELIER, Vt. – The Department of Financial Regulation (DFR) warns consumers to be on alert for potential insurance-related and investment frauds and scams following the recent flood event in Vermont. Natural disasters like floods can give rise to financial scams because bad actors take advantage of times of vulnerability. Vermonters should be on the lookout for opportunistic financial scams and report any suspected or known fraud to DFR as soon as possible.

INSURANCE SCAMS

In the aftermath of the flooding, insurance policyholders should be aware of scams and fraud related to insurance claims and cleanup. If you get a phone call about an insurance claim or policy, don't give out any personal information or agree to any payment until you can independently verify that the call is legitimate. If the callers say they're from your insurance company, hang up and contact your agent or the company directly using the number on your account statement. Policyholders with the National Flood Insurance Program (NFIP Direct) can call 1-800-638-6620.

Contractors and home improvement companies may also call claiming to be partners with your insurance provider. Never give policy numbers, coverage details, or other personal information out to companies with whom you have not entered into a contract.

After a disaster, fraudsters know consumers may be eager to purchase insurance coverage to protect them from future events. Use caution if you are approached by anyone attempting to sell you insurance coverage, particularly if the offer is unsolicited, it is from an unverified source or urgency and high pressure are used to force you to make a quick decision. Use reputable sources such as DFR, the National Association of Insurance Commissioners and the National Flood Insurance Program website to research insurance agents and companies prior to agreeing to any purchase. Review potential policy documentation thoroughly prior to purchase.

Tips for Avoiding Insurance Scams

- Begin by validating your insurance agent and ensuring that they are properly licensed. To verify, contact your state insurance department.
- Do not pay for disaster assistance. FEMA and other aid agencies will not charge you for assistance.
- Take photos immediately following a disaster to properly document the damage.
- When working with FEMA and other government agencies, request identification to verify authenticity. Do not provide personal information to an unverified individual.
- If you suspect insurance fraud, please contact DFR.

INVESTMENT SCAMS

DFR also warns investors to watch out for opportunistic investment frauds and scams. Investors should be on the alert for red flags of flood-related financial scams, including unsolicited email,

social media messages, crowdfunding pitches or telephone calls promoting investment pools or bonds to help storm victims, water-removal or purification technologies, electricity-generating devices and distressed real estate remediation programs. Bad actors may try to prey on victims who anticipate receiving large lump-sum insurance settlements for damaged property and other losses. Investors should exercise heightened caution when considering unsolicited investment opportunities in the aftermath of the flood event.

Tips for Avoiding Investment Scams

- **Delete unsolicited emails or social media messages and hang up on aggressive cold callers** promoting flood-related investment opportunities or alternative investments, especially those from newly formed companies touting unproven or new technologies or products.
- **Use common sense.** Claims of guaranteed returns, unrealistic high returns, or low/no investment risk are classic red flags. Every investment involves some degree of risk.
- **Do your homework.** Always check before you invest. Contact [DFR's Securities Division](#) to verify that both the seller and investment are licensed and registered. If not, they may be operating illegally.

If you have any questions about insurance or investment-related scams, or to report any known or suspected financial scams, please email DFR at dfr.insuranceinfo@vermont.gov or call 800-964-1784.

For other disaster-related scam information and reporting, please review the Vermont [Attorney General's Office flood page](#).

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