

Insight

IN-DEPTH DISCUSSION

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Hurricane Maria's Aftermath: Highlights of Available Government Assistance for Puerto Rico Residents

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On September 20, 2017, Puerto Rico suffered the catastrophic impact of Hurricane Maria,¹ which savaged the Island, taking down all communications systems, severely damaging or completely destroying many homes and roads, and causing a disastrous impact on the Island's vegetation and agriculture. Three weeks since Maria's downfall, Puerto Rico is still dark, with only 16% of the population having electricity. As businesses search for assistance and alternatives to recover from this natural disaster, re-open their businesses and reconstruct Puerto Rico, many are also seeking ways to help their employees address their diverse concerns and needs. This article highlights different sources of assistance available to Puerto Rico residents in the aftermath of the hurricane.

Local Unemployment Insurance (UI)

Generally, a person who becomes unemployed for reasons beyond his/her control (such as economic reasons, elimination of positions, company reorganization, among others) will qualify for local Unemployment Insurance (UI). This insurance is paid by all employers and administered by the Puerto Rico Department of Labor. An unemployed individual may qualify for Puerto Rico UI benefits if he/she is partially or totally unemployed and wants to and is able to work. This means that individuals who became unemployed, who were temporarily suspended from employment, or whose working hours were reduced due to shortage of work because of Hurricane Maria, will, in all likelihood, qualify for UI benefits, with a few exceptions. Under the current post-hurricane scenario, the most relevant exceptions include: (1) National Guard personnel;

¹ On October 10, 2017, we published an ASAP on the PR Department of Treasury Administrative Determination No. 17-21, granting income tax exemptions for employers-provided payments and certain benefits to employees related to Hurricane Maria relief. In the following days a separate publication will be issued addressing additional local tax relief provided by the PR Department of Treasury due to the passage of Hurricane Maria.

(2) seasonal workers in the event of a natural disaster; (3) individuals under 21 who are not heads of household; and (4) employees whose service is provided as an employee of an international organization.

Application Process

There are three channels through which a qualifying unemployed person may apply for UI benefits with the Department of Labor (DOL). First, the claim may be filed through the DOL's website (i.e., www.trabajo.pr.gov) (if Internet access is available). Second, the claim may be filed in person at any of the DOL's 15 local offices. As a third option, individuals may call the DOL's designated telephone line: 787-945-7900, from 7:00 a.m. to 4:30 p.m., to establish their claim.

Federal Emergency Management Agency (FEMA)

A. Disaster Unemployment Assistance Program

If an employee is not entitled to UI benefits, as discussed above, the employee may qualify for FEMA's Disaster Unemployment Assistance program (DUA). On September 21, 2017, President Trump [declared](#) the Commonwealth of Puerto Rico to be an area of major disaster, ordering federal assistance to supplement Commonwealth and local recovery efforts in the areas affected by Hurricane Maria, beginning on September 17, 2017 and continuing. Accordingly, FEMA made available federal aid, including DUA, to qualified individuals who suffered material or economic loss as a result of the hurricane. This benefit became available on October 13, 2017, upon the local government's announcement of its availability. Thus, the 30-day application deadline began to run from that date.

DUA provides unemployment benefits and reemployment services to individuals who have become unemployed as a result of a major disaster, so declared by the president, and are **ineligible** for regular local unemployment insurance (see above). To qualify for DUA, an individual's employment must have been lost or interrupted as a direct result of the declared major disaster. **Moreover, the employee or employer must have been determined not otherwise eligible for UI (under any local or federal law).**

Application Process

An application for DUA must be filed by an individual within 30 days from the local government's announcement of its availability, thus on or before November 13, 2017. The announcement provides instructions for filing a DUA application. The Puerto Rico Disaster Declaration points residents and business owners to apply for DUA online at <https://www.DisasterAssistance.gov/es>, or by calling 1-800-621-3362 or TTY: 1-800-462-7585.

B. Disaster Relief Application

FEMA Disaster Assistance can help support an individual's recovery from Hurricane Maria. By law, FEMA assistance cannot duplicate the assistance an individual receives from his/her insurance company, but individuals can receive assistance for items not covered by insurance. Most disaster assistance from the federal government is in the form of low-interest disaster loans administered by the Small Business Administration (SBA) (see below). Indeed, some FEMA applications for disaster assistance require applicants to submit an SBA application. Nevertheless, assistance funds are also available through the Individuals and Household Programs (IHP), which can assist with housing needs such as: temporary housing; lodging expense reimbursement; financial assistance for repairs of disaster-caused damage to primary residences not covered by insurance; financial assistance to homeowners to replace homes that were destroyed by the disaster and not covered by insurance; and/or direct assistance or funds for the construction of a home. Assistance is also available for necessary expenses and serious needs caused by the disaster including, but not limited to, child care; medical and dental expenses; funeral and burial expenses; damage to essential

household items; fuel for primary heat source; clean-up items; damages to an essential vehicle; and/or moving and storage expenses.

Application Process

Applicants will be asked to provide the following information when applying for aid:

- Social security number (one per family)
- Address for damaged house or apartment
- Description of damages
- Insurance policy information, if available
- Telephone number
- Mailing address where applicant can receive mail
- Bank information (including account type and number and bank route number), for direct deposit of funds.

Individuals may access detailed information concerning FEMA's relief funds and the application process at www.FEMA.gov/individual-disaster-assistance and/or contact the agency at <https://www.DisasterAssistance.gov/es> or by calling 800-621-FEMA(3362) / TTY: 800-462-7585.

U.S. Small Business Administration (SBA) Aid

The SBA is also providing “disaster loans” to small businesses and individuals who are located in a declared disaster area, including business physical disaster loans, economic injury disaster loans and home disaster loans, as defined by the SBA. For damages related to Hurricane Maria, the deadline to apply for a physical damages loan is November 20, 2017, and for an economic injury loan, June 20, 2018.² Notably, there are limits to the amount of the loans offered by the SBA, as well as credit requirements and eligibility restrictions. Further, the SBA is encouraging applicants to check with any agencies or organizations administering other assistance programs or grants set up pursuant to the president's disaster declaration to confirm whether applying for an SBA loan may affect their eligibility for those programs or grants. Importantly, an SBA disaster loan may also be used for relocation purposes.

Application Process

For detailed information regarding the different kinds of loans, their terms, conditions and additional information, business owners and individuals should contact the SBA Client Service Center for Disaster Assistance at 800-659-2955 / TTY 800-877-8339, by email at disastercustomerservice@sba.gov, or visit SBA's website at <http://www.sba.gov/disaster>. Applications may also be filed online through the SBA's Electronic Loan Application system at <https://disasterloan.sba.gov/ela> or by mail at U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155. Applicants may also visit the SBA's Business Recovery Center (BRC) at Condado de San Juan, Plaza 273, 273 Ponce de Leon Ave., First Floor, in San Juan during its business hours, i.e., 8 a.m. to 4 p.m., Mondays through Fridays.

² For Hurricane Irma, the deadline to apply for a physical damages loan is November 9, 2017, and for an economic injury loan, June 11, 2018.

Personal Loans, Credit Cards, Auto Loans, Leases, Mortgages

Employees may also be eligible to receive additional assistance from their commercial bank institutions in the form of payment deferrals and/or moratoria. Most Puerto Rico-based banking institutions have already issued press releases regarding these benefits. Please note that the type of relief provided will vary depending on factors such as the type of loan, issuing bank and the individual's credit score.

Banking institutions may also impose additional requirements depending on the circumstances. For example, in the case of automated payments, some banks are requiring their customers to personally contact them to cancel any programmed automated payments; otherwise, the automated system will continue to process the same as usual. Some bank institutions are also allowing customers to request reimbursement of any automated payment already deducted for October.

As to personal home mortgages, individuals may be eligible for a three-month moratorium, postponement of payments, the possibility of making partial payments, and/or otherwise be exempted from late fee charges. Notably, individuals should contact their respective banks to verify the requirements that would apply in their particular circumstances, as well as confirm their bank's re-payment expectation depending on the chosen alternative. For example, there are banks that will require full payment at the conclusion of the moratorium period of any payment that may have been stayed. Additionally, employees should be encouraged to contact the international credit card companies with which they are doing business, to confirm if they are also offering any type of relief as a result of this major natural disaster as well as the eligibility requirements.

Given the scope of the devastation caused by Hurricane Maria in Puerto Rico, we will continue to monitor and report on any additional sources of assistance that may become available as relief for businesses of the Island and their employees.