

U.S. Small Business Administration
Interview with James Rivera

Ron Johnson: No one wants to think that they could be hit by a natural or manmade disaster. However, wildfires, tornadoes, and hurricanes, just to name a few, are in the news almost everyday. So what can you do? Plan ahead and be ready to protect your business by identifying potential risks.

Hello, I'm Ron Johnson with the U.S. Small Business Administration, Your Small Business Resource, and with me today is James Rivera, Deputy Associate Administrator of SBA's Office of Disaster Assistance. Welcome, James.

James Rivera: Hello, Ron. Thank you for providing this opportunity to discuss disaster assistance.

Ron Johnson: This sounds like a case of planning for the worst but hoping for the best. What is SBA's role when a disaster is declared?

James Rivera: SBA's Office of Disaster Assistance provides low-interest loans to help disaster victims repair or replace personal or physical property not covered by insurance. Often, individuals and businesses are uninsured or underinsured. When losses are suffered, SBA can make loans to homeowners, renters, and businesses.

Ron Johnson: So James, what types of disaster assistance loans are available from the SBA?

James Rivera: For homeowners and renters, SBA can make loans to repair or replace personal property, items such as clothing, furniture, cars, or appliances damaged or destroyed by the disaster. Homeowners that sustain damage to the real estate may also receive a loan to repair or replace their primary residence. For businesses and nonprofits, we have two types of loans available. Physical disaster loans can be used to repair or replace items such as damaged real estate, machinery and equipment, inventory and furniture and fixtures, et cetera, and we also have an economic injury disaster loan to pay for fixed operating expenses or in other words, a working capital loan to pay for rent or electricity that would have been paid had the disaster not occurred.

Ron Johnson: You know, it's alarming to hear that some disaster victims do not have adequate insurance coverage.

James Rivera: Many disaster victims do have insurance but often, they may not be covered by the specific peril that caused the damage. For instance, a disaster victim may not carry flood insurance as a rider on their homeowner's insurance policy. If they get damaged by floodwaters, this damage is not covered and in some cases, even if a disaster victim is insured for this specific type of loss, there are often policy exclusions and deductibles, which prevent them from being fully insured or fully compensated. For example, a policy may not

include total replacement cost so the insurance company will provide a check for the depreciated amount of the damaged items. SBA's disaster loans are intended to try to get disaster victims as close to their pre-disaster condition as possible.

Ron Johnson: Well, this is interesting. If FEMA compensates disaster victims for their losses with grants, why is there a need for SBA disaster loan?

James Rivera: FEMA will provide some assistance for homeowners and renters but their program is not designed to make the disaster victim whole and FEMA is not authorized to provide assistance to businesses.

Ron Johnson: James, in a few words, how would you sum up the assistance SBA has to offer?

James Rivera: SBA's disaster loans are the primary form of federal assistance for homeowners, renters, and businesses of all sizes, and SBA's disaster loans are a critical source of economic stimulation in disaster-ravaged communities.

Ron Johnson: Our thanks to James Rivera, Deputy Associate Administrator of SBA's Office of Disaster Assistance, by helping disaster victims better understand how the SBA can assist and help you recover from a disaster. If you'd like to learn more about SBA's Disaster Assistance Program and all of

SBA's resources at www.sba.gov. Until next time, this is Ron Johnson with SBA, your small business resource.

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