

Financial Preparedness

Week 3: September 13-19

Prepare for Disasters

Preparing for Disaster

A natural disaster can occur at any time. Some disasters give a warning, such as a storm preceding a flood. Others, such as earthquakes, give little or no warning. Once a disaster happens, the time to prepare is gone.

The best way to cope with a natural disaster is to prepare by having a plan before it strikes.

Disasters vary in size, from smaller events such as a storm affecting a single suburb, to large-scale events that can affect whole cities or large areas that cross state boundaries. As a result of disasters, people may be injured or killed, or may lose their homes and valuable possessions.

It is important to protect your Family, home, business and assets from such events. Insurers provide society with the means to do this. Following a natural disaster, insurance companies can pay claims to policyholders with the right policies who are affected, allowing communities to rebuild.

Taking steps to prepare for a disaster can help get you back to normal faster. If you are unprepared, the devastation and financial loss caused by natural disasters can be magnified.

Plan for your risk

Every American should know how to prepare for any natural disaster.

Most of us live in areas that can be affected by extreme weather and other natural disasters, whether it is from wildfires, floods, severe storms, droughts, hurricanes or earthquakes. The first step is to identify the types of disasters you are exposed to, the likelihood of these occurring and their potential impact. Knowing the most common hazards in your area — particularly if you're new to the region — can help you focus your preparation plans for each hazard.

For instance, ask yourself:

- Is my area vulnerable to any natural hazards?
- How often are these hazards likely to occur in my area?
- Which of my assets would be affected?
- To what extent would I be affected financially?
- How would I recover if I did not have insurance?
- How can each disaster be predicted or mitigated?

Local councils and emergency management authorities can help you identify risk in your area and outline the local plans and recommendations for each. Once you have identified the disasters you are exposed to, it's important to review your insurance policies and confirm your cover against various events. If you don't have insurance, consider the types of policies you may require and the risks you need them to cover. If you live in a flood or wildfire zone, it would be wise to insure your property accordingly. For example, if your home is next to a river or creek and your property is at risk of flooding, check your policy to see if you're covered. If you're unsure, contact your insurer to find out. Many insurers will place embargoes on insurance when natural disasters are considered imminent. This means if a hurricane is heading your way you may not be able to purchase insurance cover until the insurer lifts restrictions on new policies. [Embargoes](#) prevent property owners buying insurance just before a disaster strikes and then cancelling once the risk has passed.

