

[Liz Weston: 4 Steps to Disaster-Proof Your Finances](#)

SF Gate

Mother Nature could be excused if she wondered, “How much more prompting do you people need?” This year delivered epic wildfires, devastating hurricanes, massive floods and some pretty horrific earthquakes. Yet many people still haven’t taken a few critical steps to protect their financial lives from such disasters.

Consider setting aside a few hours this week to take care of these four essential tasks:

REVIEW AND BOOST) YOUR INSURANCE

Most renters don’t have renters insurance, but they need it since their landlord’s policy won’t cover their stuff.

The vast majority of homeowners do have homeowners insurance, but often not enough — especially if their policies haven’t been updated regularly to reflect rising construction costs or improvements. Ask your insurer to rerun the numbers to ensure you have enough coverage to rebuild your home completely. United Policyholders, an advocacy group for insurance customers, recommends adding as much “extended replacement cost” coverage as you can afford. This add-on boosts the policy’s coverage limits by 20 percent to 100 percent if costs run unexpectedly high, as often happens in disaster zones when rebuilding costs soar. Another smart addition: “building code upgrade” or “ordinance coverage” to pay the higher costs of rebuilding to current standards.

Other key points:

—Homeowners insurance typically doesn’t cover floods or earthquakes, so consider buying those policies if your home may be at risk.

—You want “replacement cost ” coverage for your home’s contents, not “actual cash value,” which will pay only pennies on the dollar to replace your stuff.

—You may need extra coverage if you have certain valuables, such as jewelry, collectibles, guns or computers and other home office equipment. Policies typically limit coverage to \$1,500 to \$2,500 for each of these categories.

The information presented in this publication is for general informational purposes and is not a substitute for legal advice. If you have a specific legal issue or problem, United Policyholders recommends that you consult with an attorney. Guidance on hiring professional help can be found in the “Find Help” section of www.uphelp.org. United Policyholders does not sell insurance or certify, endorse or warrant any of the insurance products, vendors, or professionals identified on our website.

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—Opt for generous “loss of use” or “additional living expenses” coverage, since that will pay your rent and other costs while your home is uninhabitable. United Policyholders recommends having at least two years’ worth of additional living expense coverage.

If you’re concerned your coverage limits are too low and your insurer won’t let you upgrade, shop around for a better provider.

SCAN IMPORTANT DOCUMENTS INTO THE CLOUD

You may be away from home or not have time to grab your bug-out bag in your scramble out the door. Keeping documents or copies off site is one solution, but anything in your safe deposit box or lawyer’s office could be compromised by the same disaster that wrecks your home, says financial planner Leonard Wright, who evacuated his family from their San Diego-area home during the 2007 wildfires.

“You want it out of the area,” says Wright, a certified public accountant and personal financial specialist who contributed to a detailed disaster guide that the American Institute of CPAs created with the American Red Cross and National Endowment for Financial Education.

Wright uses DropBox, a file sharing and storage site, for family pictures and Box, a similar site known for its security features, for financial documents. Other cloud services include Microsoft’s OneDrive, Apple’s iCloud and Google Drive. Documents can be scanned with mobile apps or desktop scanners, which typically cost \$200 to \$400.

Disaster survivors say the following documents can be particularly important, according to United Policyholders:

- Insurance policies
- Passports and birth certificates
- Family photos
- Tax and loan documents
- Stocks and bonds
- Wills and trusts
- Home blueprints or surveys, if you have them

DO A QUICK HOME INVENTORY

This can be as simple as walking around your home, inside and out, recording your stuff with your smartphone’s video camera and storing that video in the cloud. Or you can use an app, such as Sortly, MyStuff2 or United Policyholders’ UPHelp Home Inventory to photograph and itemize your possessions.

ADD EMERGENCY ACCESS TO YOUR PASSWORDS

Security experts recommend using a password manager to securely store unique, hard-to-remember logins for each account while only having to remember one master password. Password managers also

can help a trusted person to take over for you if you die or become incapacitated — but that person needs access to the account. Some password managers let you offer emergency access to others. Another option is to keep copies of your passwords, or your master password, with your estate planning documents. Services such as Everplans and Fidelity Investments' FidSafe offer online storage with secure sharing options.

Finally, make a note on your calendar to do all this again next year so all your important documents are kept up to date. Investing a few hours each year can pay off in an easier recovery if disaster ever strikes, and peace of mind even if it doesn't.