How to protect your finances in emergencies, disasters

A weather emergency or natural disaster can force you to evacuate, and these events can destroy or severely damage your home and possessions. Recovering from the financial losses after a disaster is easier if you can easily access your important records and personal information.

To prepare for a natural disaster:

- Do a household inventory of your possessions. Document that with photos or a video. This can help if you need to prove your loss on an insurance claim.
- Safeguard important documents online or on a USB flash drive that you can take with you.
- Buy a lockable, fireproof file box to store important household documents, emergency contacts, copies of your current prescriptions, insurance information and other important financial and family records. Keep it where you can grab it if you must evacuate in a hurry.
- Rent a safety deposit box to store copies of the documents in your fireproof file box.
- Check your insurance coverage. Will your home, health and other policies cover temporary shelter, replacement clothing and furniture, or other items you need following a disaster?

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Getting it back together after the emergency:

- Report lost or stolen credit, ATM or debit cards as soon as possible. Call 1-800-555-1212 for the card issuer's number if you don't have it.
- Contact your employer to let them know how to reach you, and to be sure you can get any paychecks you are due. Ask if your health insurance coverage will continue while you are away from work.
- Contact Social Security, the Veterans Benefits Administration, your retirement plan, or the social services office if you receive any of these benefits. Let them know how to reach you and find out how you can continue to access your benefits by check, direct deposit or a payment card until you are resettled.
- Contact your bank, creditors, landlord and utility company. Ask if they will work with you to defer payments, extend repayment plans, waive late fees or postpone collection efforts.
- Check your credit report for possible fraud or mistakes on your account or for help identifying creditors. For a free report, call 1-877-322-8228.
- If you need to replace vital records, such as birth or death certificates, military records. Medicare or Social Security cards, *www.usa.gov/replace-vital-documents* has information about how to contact the appropriate state or federal agency.

Why do your insurance rates go up?

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During a soft market, insurance companies compete for your business. They want more premium dollars so they have more money to invest because investments are earning a good rate of return.

Insurance rates become competitive and may even be lower than the rate of inflation.

Insurance companies may even be willing to negotiate some terms in order to keep your business. During a hard market, insurers raise rates and may become choosier about whether they want your business. If the value of investments held as surplus goes down, insurers write fewer policies and rates go up.

The value of investments held as surplus and the income from those investments affects whether a market is soft or hard. In other words, interest rates, the economy and the stock market drive whether insurers are motivated to lower or raise rates.

What does tort law and tort reform have to do with your insurance rates? Studies have shown that tort law limits enacted during an "insurance liability crisis" failed to lower insurance rates. In fact, states that did not enact "tort reform" or caps on damages saw a greater drop in premium rates than states that took away the rights of the injured.

Despite several catastrophic natural disasters, insurance rates have been stable, But eventually, the industry will be hungry to raise rates. When you hear the argument that lawsuits are the problem, remember the $57.9 billion in investment income and the record $802 billion surplus.