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Personal Finance: Financial planning—for disaster

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Chris Hondros—Getty Images

Jason Zeigler carries his possessions in a plastic bag as he is evacuated from New Orleans.

Though Mother Nature can overwhelm the greatest of human prevention efforts, as Hurricane Katrina demonstrated, there is still hope for protecting your possessions in the event of a natural disaster.

"People should think about this today," says David Hammarstrom, spokesperson for Metropolitan Life Insurance Co. "Think about the risks you face. Financial planning is important to put your life back in order. It's easy to do before the event strikes but very difficult once it starts."

Here are a few steps you can take to prepare for a natural disaster:

- Create an evacuation kit so you don't have to scramble for necessities. Include enough water and food to get you to a safe place. Think about medications and other special needs.
- Make a home inventory of everything that's in your house. For those who don't want to write it down, walk through your home with a video camera. "If all your silverware is damaged, maybe you don't remember the pieces or the pattern, but you can have a photo record," says Hammarstrom. Keep the inventory in a safe deposit box that can withstand a disaster or keep it off the premises. Also consider keeping copies of important documents at an alternative site.

- Update your insurance policies and will. "One of the things you never want to be underinsured in is your homeowner's. Make sure you notify your insurance company when you make a significant change to your home so you have enough to rebuild," says Hammarstrom.
- Prepare with your family an escape route and contact information. At the time of the disaster, family preparation will minimize questions once everyone knows where they are going.
- Have copies of important numbers ready to go. Include your insurance company's 1-800 number and your bank account and credit card numbers. Make sure to take this information with you in an evacuation. And, to protect against identity theft, make sure your name isn't with the information.
- Keep some cash on hand. Look at your circumstances to determine how much money you might need. Some home insurance companies will cut checks so people can pay for hotels in time of disaster. Find out if yours will.