

5 Surprising Ways Natural Disasters Can Hurt Your Finances

You won't only be spending money to replace things. The "fun" has only just begun.



Whether fire, flood or tornado, extreme weather can wreak havoc on a household – especially financially.

By [Geoff Williams](#)

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Josh Mabus and his wife, Mary, consider themselves lucky. In April of 2014, their house was struck by a tornado while they were at work and their kids were at school. No one was hurt, but it took 90 minutes for a panicked Mabus to get near his home – trees littered the road – to discover his house was still standing, though he didn't immediately recognize it.

"I recognized a crushed swing set, and that's how I knew I was in my yard," Mabus says. His neighbor's house was destroyed.

Mabus was also fortunate for another reason. He was [properly insured](#).

You hear it all the time: Be prepared for a natural disaster. Whether fire or flood, tornado or torrential downpour, extreme weather can wreak havoc on a household – especially financially, even if you are insured. Some costs, like property damage, are obvious, but if the unthinkable happens, and you become the victim of a natural disaster, you might be surprised by [the expenses](#) you could face.

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Cleanup costs. Even if your insurance pays to remove debris and rubble, you may decide to pay upfront and be reimbursed later because you can't wait around for your insurance company to send you a check.

Mabus estimates he spent \$35,000 to have trees hauled away and his house repaired; most of that, but not all, was covered by his [homeowners insurance policy](#).

"We were very lucky compared to our neighbors," says Mabus. Three trees crashed into his roof, but didn't damage the structure of the home. "If the trees hit your house or any structure, the insurance company will pay to have them removed. If the tree is in your yard, then that's your responsibility."

Missing paperwork costs. If you've lost – or can't easily access – vital paperwork, from social security cards and birth certificates to insurance information, you could experience delays in getting your insurance claims processed, government financial assistance and more. That's why it's important to [know where your documents are](#). If you live in an area prone to natural disasters, consider making copies of your most important documents and storing them electronically, says Chloe Demrovsky, executive director at Disaster Recovery Institute International, a nonprofit specializing in business continuity and health and disaster emergency management.

She says many services exist that offer cloud-based storage, from Dropbox and Amazon to Apple.

And it would be wise, in that paperwork, to include details on any prescription medications you're taking. "A lot of people end up forgetting prescription medicine when they're running out of the house and trying to get away from the area," she says.

Insurance-related costs. So you were insured? Great. But surprise: You still may end up having to shell out quite a bit of cash.

"You may have multiple deductibles to satisfy for different types of coverage and need to budget for that," says Donna Childs, author of "Prepare for the Worst, Plan for the Best: Disaster Preparedness and Recovery for Small Businesses." She also owns Prisere LLC, a Warwick, Rhode Island-based business that works on climate change measures and disaster-risk reduction.

Many people also find themselves underinsured, Childs says. "It's critical to understand your policies and make sure you elect the appropriate coverage for the risks to which you are likely exposed."

[See: [How to Live on \\$13,000 a Year.](#)]

Scam-related costs. You've been warned a million times, but consider this a million and one. Mabus recalls people in his area slapping a "tree trimming" sticker on their truck and charging a small fortune for tree removal; plenty of homeowners also found themselves paying for work that wasn't done at all, or done poorly.

"If you live in an area where you get natural disasters, I'd urge you to get to know the prices of services like tree removal and plumbing," Mabus says. "It helps if you have a frame of reference for what it costs to, say, remove a tree from your driveway, so you aren't paying someone \$1,000 when under normal circumstances it might be \$100."

Hotels, food and other incidental costs. After Hurricane Sandy blew through in 2012, Michael Conway saw a dozen of the trees in his yard go down, and his power was out for about a week and a half.

"We lived off a generator. Had candles at night. It was kind of a throwback to yesteryear," says Conway, CEO of Conway Wealth Group at Summit Financial Resources, based in Parsippany, New Jersey.

He ended up spending a couple thousand dollars to have the tree debris removed, and he was more fortunate than many of his fellow New Jerseyans. But his big takeaway in going through a natural disaster is the importance of having access to cash.

"That was a big problem, getting cash," he says. "A lot of the banks weren't open, and the ATMs weren't working."

Odds are, if you're in a community that's been hit by a disaster, you'll need cash. Your insurance may not cover hotel stays or restaurant meals while you await home repairs. This is yet another reason for getting direct deposit from your employer, says Roger Putnam, chief operating officer at the financial-planning company, MassMutual.

"Establish electronic access to your funds and accounts," to avoid relying on snail mail, Putnam says.

Because along with the ATMs being down due to lack of power, mail delivery, which may be bringing a paycheck, doesn't always get through after a natural disaster.

Now, realistically, unless you're a survivalist preparing for the end of the Earth, you may not heed most of these suggestions. The cash in the emergency box? You'll [raid that](#) when you need to replace a tire. Researching the price of tree removal from your driveway? Eventually. Maybe.

But disaster experts say you'll fare better if you at least think through what might happen if calamity struck. Talk is cheap and quick. Every family can and should at least discuss where they would meet if they aren't

together in an emergency, Demrovsky advises.

[See: [9 Scary Things Consumers Do With Their Money.](#)]

But even Mabus admits that he hasn't made many emergency preparation plans since the tornado ripped through his city two years ago, beyond making sure he is adequately insured.

"It's hard to prepare because you never know ... what's appropriate. We were displaced for about two weeks where we couldn't live in our house. Some people were displaced for months," he says.

Mabus has considered building a storm shelter. He hasn't yet. "Every day there's bad weather, we think about it," he says.

TAGS: personal finance personal budgets natural disasters insurance money



Geoff Williams is a [regular contributor](#) to U.S. News. He is also the author of several books, including "Washed Away," about the great flood of 1913, "C.C. Pyle's Amazing Foot Race," about the infamous Bunion Derby of 1928 and "Living Well with Bad Credit." You can follow him on Twitter [@geoffw](#).