

## SDC 2019 Annual Meeting Abstracts

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**Title: Natural Disaster and Sickness Shocks: Evidence of Informal Insurance from Bangladesh**



Bangladesh is prone to large scale natural disasters with consequent impacts on human health and survival. In 1998, Bangladesh experienced the “flood of the century”. Households exposed to flooding had major crop failure, suffered from various water-borne diseases, lost shelter, assets and ability to meet their basic needs. Based on multiple rounds of household survey data from rural Bangladesh collected after the 1998 flooding, this article investigates the factors that contribute to reduce sickness shocks after a massive natural disaster. Results indicate that social cohesion built on group-based microfinance programs may provide an informal insurance mechanism to reduce sickness shocks. Simply put, households with stronger social bonds built on microfinance programs spend less for medical expenses in recovering from post-flood sickness shocks. Policy implications are explored in a developing country context, where sickness significantly impacts household welfare and no formal health insurance exists.