Bond Case Briefs

Municipal Finance Law Since 1971

The Availability and Impact of Public and Private Funding Following a Natural Disaster: Chicago Federal Reserve

Natural disasters are shocks to income, wealth, and capital, and over the past few decades, according to federal statistics, the number of natural disasters where losses have exceeded $1 billion has been increasing. Homeowner's insurance is essential for well-functioning property markets because it enables homeowners to cover the cost of repairs following a natural disaster. Yet home insurance is becoming more expensive, and some insurance companies are limiting plan offerings in some states.

In the aftermath of a natural disaster, community banks have the potential to provide liquidity to homeowners who are uninsured or underinsured. But community banks are less likely to have the capacity to lend after large-scale natural disasters, particularly if they are unable to raise sufficient capital. Do community banks play a unique role in lending in the wake of natural disasters? How has the decline of community banking affected post-disaster recovery and economic growth?

On **Wednesday, March 5, 2025, at 11:00 am CT**, join the Chicago Fed's Economic Mobility Project for **The Availability and Impact of Public and Private Funding Following a Natural Disaster**, a virtual event during which Chicago Fed senior economist Daniel Hartley will present results from three of his studies.

- In "Credit when you need it," Hartley and his co-authors, analyze the impact of emergency credit access on households' finances after a federally declared natural disaster and find that the provision of credit in a time of crisis has effects on consumption, particularly on additional car purchases. Their findings suggest that well-timed liquidity provided to households in need can have substantial and ongoing positive effects.
- In "Natural disasters, local bank market share, and economic recovery," Hartley and his co-author look at differences in post-disaster credit allocation and regional redevelopment based on the concentration of local banks following bank deregulation that drastically diminished the role of community banks. They note that savings, credit markets, and insurance are not always sufficient to smooth the negative financial consequences of a natural disaster.
- In "Weathering an unexpected financial shock: The role of federal disaster assistance on household finance and business survival," Hartley and his co-authors study the financial impact of FEMA individual assistance grants in the wake of a tornado.

The research presentation will be followed by a moderated panel, where scholars and other experts on housing finance, insurance, and credit access will discuss the impacts of the current insurance crisis and potential policy solutions to provide financial stability to homeowners affected by natural disasters.

Click here to learn more and to register.

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com