

The Risk Consulting Practice



At Risk: *Business Health Could Suffer from Avian Flu*

“At this moment there is no pandemic influenza in the United States or the world, but if history is our guide there's reason to be concerned... In the last century, our country and the world have been hit by three influenza pandemics, and viruses from birds contributed to all of them.”

*President George W. Bush,
Associated Press, 11/1/05*

On November 1, President Bush outlined his strategy for combating a possible avian flu pandemic. In his speech at the National Institutes of Health, he noted that the United States must be prepared to detect outbreaks worldwide, stockpile vaccines and anti-viral drugs, and be ready to respond at the federal, state and local levels in the event a pandemic reaches the United States. In addition to some \$5 billion to be allocated to buy vaccine doses and anti-viral drugs, as well as accelerate vaccine development as new strains emerge, \$583 million will be allocated to states and local governments to prepare emergency plans to respond to an outbreak.

The President announced his plan in light of the spreading outbreaks of avian flu in Asia and Central Europe, seemingly transmitted by migratory birds. Governments worldwide are taking similar actions, even though the virus has not mutated to the point of easy human-to-human transmission. If that happens, it is estimated that the current strain of bird flu, known as H5N1, could affect hundreds of millions of people worldwide.

As governments continue with their preparations and preventative measures, businesses, particularly those affected by SARS in 2003, are beginning to take notice. As SARS demonstrated, a pandemic has far-reaching consequences. It can affect a company's own employees, its suppliers, and its customers by limiting operational capabilities, resource procurement, and sales opportunities. The travel industry learned this lesson well with SARS. In fact, one major airline just announced that it has ordered a stockpile of the antiviral drug Tamiflu in the event of a human outbreak of bird flu, and that it is taking other preparatory measures.

An avian flu pandemic could be exponentially worse for business than SARS if it spreads globally through bird populations, and is transmitted from human to human. It would affect businesses nationally and internationally, irrespective of industry or geographical location. It has the potential to be both sudden and to escalate. The impact on national and social welfare infrastructure, e.g., availability of transportation,

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“Most businesses think about an emergency as having their software down or a natural disaster. They're not thinking about having 25% to 30% of their work force at random down for six to eight weeks.”

Allene Mares, regional health officer for Seattle and King County, Washington, *Employee Benefit News*, 11/1/05

health care, and communication-would significantly affect business operations. It would therefore seriously affect even businesses whose employees have not caught the flu, by, for example, preventing customers from buying products and services, or limiting access to the supply chain.

Faced with a potential pandemic, companies need to review their emergency preparedness and business continuity plans, so that they are ready if a proportion of their work force is lost or there is a major disruption of the national and/or global business environment. They also need to review their current insurance policies to determine their level of coverage during an avian flu crisis.

Company executives considering how best to prepare for and manage a possible avian flu outbreak or other pandemic should be asking the following questions:

- Is my company's business continuity plan current? Has the plan been tested recently?
- What steps has my company taken related to this year's flu season? What access to flu vaccines should my company provide employees? Has my company been communicating clearly about possible challenges and the support that will be provided?
- Have I evaluated the risks that avian flu poses to my business? Am I aware of what geographical areas are currently at risk from avian flu? What effects will this have on my operations and how do I manage them?
- Have I evaluated what people/skill sets are most critical (including contingent work force) to the production process and would be most difficult to augment/replace? Have I planned for this based on the possible isolation/quarantine of relevant geographies?
- What risks does avian flu pose to my supply chain, particularly if I am sourcing internationally from already affected areas?
- Am I aware of what national and local governments are doing to prepare for a possible pandemic? Do I know where to seek guidance?
- Do I know what steps to take if there is a suspected case of avian flu? Do I have employees overseas who might contract it there, and return with it to their home location?
- Does my company have the skills and personnel required to handle an avian flu crisis? What additional resources are needed?
- Am I prepared to manage customer expectations if there is a widespread avian flu pandemic?
- Have I reviewed my insurance coverages in light of a possible pandemic?

“Depending on the specific phase of an outbreak, we would escalate actions to include screening of staff and visitors as they enter our premises, have smaller meetings, go in for aggressive contact tracing and survey our employees travelling overseas.”

Paul Chin, environment, health and safety manager, HP Asia Pacific and Japan, TODAY (Singapore), 10/26/05

To begin to answer these questions, companies should review their existing risk management and business continuity plans and amend them based on their interpretation of the impact avian flu or some other pandemic might have on their work force and general ability to do business during a crisis. Companies should also engage in crisis management and business continuity simulations, drills, and community war games related to an avian flu outbreak to assess the strength of their plans and modify them accordingly.

Understanding the organization's insurance assets and being prepared to file claims can also have a significant impact on a company's ability to maintain and/or resume operations in the midst of a pandemic. It also is critical for a company to communicate effectively with all key stakeholders during a crisis. Companies should have procedures and policies in place to ensure that communication with employees, government officials, and other audiences occurs in a timely and responsible manner.

Even if a company is not impacted immediately by an avian flu outbreak, its supply chain can be affected, whether across the country or halfway around the world. As such, companies should take steps to identify, quantify, and prioritize avian flu-related risks that may impact their supply network and develop strategies to mitigate these exposures.

Marsh can assist companies with preparing for avian flu-related risks, evaluating and testing their emergency preparedness and business continuity plans, assessing their current insurance coverage, and supporting recovery efforts should there be a major pandemic. By preparing in advance of an avian flu crisis, companies can maintain business health and mitigate the impact of a pandemic that could have devastating worldwide consequences.

The Risk Consulting Practice at Marsh

Who's looking out for you?

The Marsh Advantage

The Risk Consulting Practice at Marsh collaborates with clients to develop solutions and services that reduce the likelihood of risk – diminish its impact if it does materialize – even help you leverage the opportunities it often reveals. We focus on the following critical areas:

- Business Risk
- Claims and Litigation Risk
- Operational Risk
- Risk Technology
- Workforce Risk

For more information, please call us at 866-9AtRisk (866-928-7475), contact us via e-mail (At.Risk@marsh.com), or visit us at www.marshriskconsulting.com.