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When Pigs Fly: The Collision of Avian and Swine Flu

The World Health Organization, along with the Centers for Disease Control and the governments of various nations, are actively monitoring human cases of swine influenza A (H1N1), a condition commonly referred to as "swine flu." The present strain appears to be a genetic mixture of viruses from pigs, birds and humans; it is believed to have originated in Mexico. As of late April 2009, over 150 fatalities are reportedly linked to the outbreak. The illness presents with severe, flu-like symptoms and is believed, but not confirmed, to spread like typical influenza, through human contact or by passing germs by coughing or sneezing.

The greatest concentration of suspected cases (over 2,000) comes from Mexico. Authorities there are coordinating the distribution of face masks at subway and bus stops, and encouraging workers with flu-like symptoms to stay away from workplaces and seek medical attention. The government recently closed schools across the country and canceled scores of public events. Officials continue to examine additional methods of controlling the spread of a potentially worsening epidemic.

North of the Mexican border, the United States reports 64 confirmed cases of swine flu in California, Texas, Kansas, Ohio and New York, and one death. On April 26, 2009, the Acting Secretary of the U.S. Department of Health and Human Services declared a public health emergency. Likewise, the World Health Organization at the close of April elevated the pandemic alert to a Phase 4, which is characterized by human-to-human transmission of a virus able to cause community outbreaks.

Swine flu was last a concern for the United States in 1976, when health officials launched vaccination efforts for the potential crisis. Since then there have been isolated incidents of swine flu. Certain of the new cases in the United States have responded positively to the antiviral drug Tamiflu.

Are You Prepared?

An immediate health crisis has potentially severe ramifications for your workforce and your business. Ensuring that you have a comprehensive emergency preparedness and business continuity plan in place is an important strategy to pandemic readiness. As part of our proactive brokerage and consulting services, we provide below salient issues that should be considered if there is a considerable escalation of swine flu.

Business Continuity Planning

As a best practice, every business should have in place a practiced logistical plan to recover and restore critical functions after a disaster. Losses can mount both during and after a pandemic scenario, not only to individual entities, but to the general economy as well. During the 2003 SARS outbreak, the Southeast Asian economy

suffered significant decline as consumers avoided stores, restaurants, hotels, and similar high-traffic businesses.

- Does your organization have a written business continuity plan?
- Who bears primary responsibility for the coordination and implementation of the plan?
- Has your organization provided for the plan's awareness internally?
- Do your plans contemplate pandemic preparation?
- Who in your organization is responsible for the determination and implementation of contingency plans when the "outbreak" is uncertain?
- Will coverage be triggered without a specific "physical loss"?

Displaced Work Force

The government may isolate or quarantine citizens if a public health threat exists. At the start of the 20th century, this technique was used to combat the spread of Spanish influenza. There have been limited, singular instances of isolation since that time, such as in 1963 when a passenger entering the United States was suspected of smallpox, and in 2007, when a traveler was believed to be infected with drug-resistant tuberculosis.

- Does your plan identify "key" employees in order to maintain primary business functions?
- Does your plan identify optimal means of transportation for "key" employees?
- If your employee base were to be quarantined, can your IT structure support a large percentage of employees working offsite?
- Does your contingency plan include alternative workplaces?
- Will your communication structure be effective outside of a central location?

Interrupted Supply Chains

Even if your workforce remains healthy and productive, consider the ramifications to your business if a supplier or service provider were to be impacted by a pandemic.

- What is the impact of supply chain interruption?
- Is your business prepared for a potential interruption of suppliers or service providers?
- Does your organization have appropriate "stockpiles" of equipment or goods to maintain business for a specific period of time?
- What are the ramifications to your bottom line if you fail to deliver goods or services?

Injured / Sick Personnel

Swine flu is believed to be spread by human contact. Requiring sick workers to stay away from the workplace may be necessary. Yet with unemployment rising and the global economic downturn, sick workers may try to conceal their illness, either for economic necessity or from a fear of losing their job. In a pandemic scenario, it takes but a single infected worker to decimate an entire workforce.

- Is your plan clear as respects the duty of staff to report illness in a timely manner and through what company / organization channels?

- Do you have a plan in place to deal with potentially sick workers and capacity to replace these workers in key areas of the company?
- Would a pandemic be considered a compensable event under your Workers Compensation insurance policy?
- If a customer became ill as a result of a sick employee, would your General Liability policy respond?

Implications for Senior Management

Failure to take reasonable measures to prepare for known, potential business risks could result in lawsuits from customers, vendors, or shareholders. For public companies, failing to disclose material risk factors in public filings could result in corporate liability, as well a personal liability for certain senior executives.

- Is your company best positioned to address related underwriting concerns at renewal?
- Can the Bodily Injury / Physical Damage exclusion on your management risk policies, including D&O, impact coverage? Can the exclusion be manuscripted to contain adequate carve backs?

We are Here to Help

To date, the insurance marketplace does not offer a “Swine Flu Insurance Policy,” and indeed, the ramifications of such an event are multi-faceted and could impact a number of coverage lines and risk management strategies. Integro’s claims and coverage counsel are involved from the outset of our brokerage appointment and as such are instrumental in crafting policy language and maximizing insurance recoveries. Furthermore, our open architecture strategy enables our firm to prioritize and recommend the most appropriate resources (e.g., business continuity planning) for a client’s needs and risk profile. We would be pleased to discuss the foregoing issues with you at your convenience to help prepare your company for this growing risk.

If you are interested in tracking events related to swine flu, please note that the government maintains a web site dedicated to pandemic flu information at www.pandemicflu.gov and the Centers for Disease Control updates swine flu information at www.cdc.gov/swineflu/. Both web sites are updated regularly with official statements and statistics.

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About Integro

Integro is an insurance brokerage and risk management firm dedicated to serving the insurance and risk management needs of complex institutional risks. Integro has offices across North America, as well as in Bermuda and London. Its headquarter office is located at 1 State Street, 9th Floor, New York NY 10004. Call 1-877-688-8701 or visit www.integrogroup.com.

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