

The insurance industry is filled with talk of large-scale disasters, but few events come with realistic warnings that a quarter of the world's population could be directly impacted. Such is the case when discussing the possibility of a pandemic outbreak of avian (or bird) flu. To date, the World Health Organization (WHO) reports 186 cases of human infection in Asia, of which 105 have proved fatal. While no one knows how and when the disease will spread, WHO director-general Lee Jong-wook has said that some kind of pandemic is inevitable. Others are not so sure.

As a risk adviser, our role has several facets.

- We can underscore the importance of awareness and preparation, and (urgently) recommend the thorough and practical information available from web sites such as:
 - US government's Pandemic Flu site (www.pandemicflu.gov)
 - Center for Disease Control (www.cdc.gov/flu/avian)
 - WHO (www.who.int/csr/disease/avian_influenza/en)
- We can discuss the issues relating to insurance coverage – and the lack thereof – for this peril.
- We can discuss the responsibilities organizations have toward their employees.
- We can keep our clients up to date on changes to the above.

To that end we launch a series of *Alerts* addressing the topic. This, our first issue, covers the potential impact of a widespread outbreak and the importance of Business Continuity Management. Planning ahead is especially important given the likelihood that should a worldwide pandemic flare up, many of the people and resources we might go to for help would likely be affected as well.

Planning for the Outbreak

Business continuity planners carry the unfortunate burden of having to address every serious potential threat to their organizations. The latest such concern is the potential for a pandemic outbreak of the H5N1 strain of avian flu. The virus appears to

be spreading westward, and though no recent outbreak among humans has been reported, should the virus jump from fowl to people, we would face a contagion, unlike typical flu viruses, for which we have no natural immunity. The Willis Business Continuity Management team offers a status report and suggestions for advance planning.



WHO recently published a rather stark list: "Ten Things You Need to Know About Pandemic Influenza."

1. Pandemic influenza is different from avian influenza.
2. Influenza pandemics are recurring events.
3. The world may be on the brink of another pandemic.
4. All countries will be affected.
5. Widespread illness will occur.
6. Medical supplies will be inadequate.
7. Large numbers of deaths will occur.
8. Economic and social disruption will be great.
9. Every country must be prepared.
10. WHO will alert the world when the pandemic threat increases.

An avian flu pandemic could easily have significant impact on our economic and social structures for the near and long term. As WHO suggests, pandemics are not hypothetical events. The 1918 "Spanish Influenza" spread globally and killed an estimated 40 to 50 million people. Flu pandemics in 1957 and 1968 killed two and one million people respectively.

WHO uses a six-stage pandemic alert system. In November 2005, officials issued a Phase 3 Alert, meaning there is presently "no or very limited human-to-human transmission," but a real threat continues. A Phase 4 Alert would mark "evidence of increased human-to-human transmission." Phase 6 indicates a pandemic due to "efficient and sustained human-to-human transmission."

Countries around the world have started to prepare. President George W. Bush on November 1, 2005 requested \$7.1 billion in emergency funding to begin implementing a national strategy to handle this threat. On December 14, 2005, Health and Human Services Secretary Mike Leavitt released a pandemic planning checklist to business and industry planners to assist in their preparatory efforts. State and local agencies are also involved at their respective levels in preplanning.

Despite precautions, a pandemic flu outbreak would likely disrupt the global economic platform in several ways:

- Countries could close their borders.
- Dock workers could elect not to unload container ships arriving from countries where the pandemic has escalated.
- The global workforce could be reduced by the illness of the workers or their families.

- Hospitals could be overwhelmed with patients.
- Vaccines may not be available in enough quantity for all affected.
- The spread of the virus would likely be rapid due to modern modes of transportation.
- Supply chains could be interrupted or even broken.
- Manufacturing operations could slow or stop due to the lack of raw materials.
- The service industries (hospitality and entertainment) would likely see revenues decrease.
- Utility interruptions could occur due to workforce illness.
- Business leaders could be incapacitated or could die.

In 2003, the world faced a similar threat, albeit on a much smaller scale, in the outbreak of Severe Acute Respiratory Syndrome (SARS). According to WHO, there were nearly 800 deaths and economic consequences of some \$30 billion attributed to the SARS virus. Organizations touched by the illness faced many similar issues of quarantine, fear and uncertainty.

The world recently faced another even broader global threat with the potential to impact all industries and economies: the Y2K computer bug. The differences are of course obvious. Y2K had a known occurrence date; no one knows when or if the virus will mutate to enable human-to-human transmission. Y2K presented an indirect threat to people's well being; a pandemic is measured by its death toll. The comparison may be useful, however. A great deal of preplanning was made in advance of Y2K. Y2K

contingency plans are a useful starting point in preparing a business continuity plan for this broad threat.

We offer some suggestions in preparing for a pandemic flu outbreak:

- Review your Y2K plans and update the contingencies for manual workarounds.
- Follow – as a minimum – the preparedness plans provided by WHO, your government and local health organizations.
- Review your critical business functions. Pay special attention to the minimum number of employees needed to maintain these operations.
- Review with your human resources professionals the procedures to be undertaken during a pandemic with regard to employees and their families.



- Monitor the status of the flu spread. Helpful web sites include:
 - www.who.int
 - www.pandemicflu.gov
 - www.cdc.gov
- Keep your employees up to date on your company's preparedness.
- Review your recovery-time objectives, keeping in mind they may need to be adjusted.
- Review plans with senior management.

As with Y2K, we don't know that the worst scenarios will materialize, but we do know the threat is real. Unknowns predominate. We don't know how widespread the pandemic will be. We don't know when the virus will mutate or what its new structure will be. We don't know where and how quickly and where the virus will spread. We don't know the impact to our employees and business operations.

We do know, as for any threat, that we must plan accordingly. The level and type of planning will depend on your organization, but now is the time. For business continuity planning suggestions and guidance, refer to www.pandemicflu.gov.



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