

Pandemic Avian Flu Alert

Willis

Issue 3 – Business Continuity Management

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In our first *Alert*, we discussed the serious if uncertain threat of an avian (bird) flu pandemic. In the second, we discussed the limited applicability of insurance to this potentially catastrophic peril, and in both we stressed the importance of risk mitigation through planning and preparation. In this, the third issue of our series, we focus on business continuity management. We offer an overview of the planning process that is your organization's best tool for handling a pandemic and discharging your responsibilities to all of your organization's stakeholders, from shareholders to employees to customers.



Recent News: Mixed Signals

First, a status update. Recent reports from around the world reveal a mixture of good news and bad. Some of the Asian countries reporting the initial outbreaks have seen infections decline. In North America and Europe, expectations that migratory birds on the move this past spring would spread the H5N1 virus have not been borne out. On the down side, clusters of cases of human infection in Indonesia have led some observers to conclude that the virus may be spreading more easily from human to human than previously thought. Nowhere, however, is there any indication the virus has mutated into a form that can be readily and casually transmitted from human to human, a transition that would be required to launch a full-fledged pandemic.

In short, there is little change in the status of avian flu. Most of the world remains unaffected, but, we hope, on the watch.

Continued vigilance remains important, as an avian flu pandemic would differ dramatically from other natural disasters for which organizations typically plan. Most high-severity/low-frequency exposures – hurricanes, tsunamis, earthquakes – are geographically distinct and generally short-lived. They come, they go, and as terrible as they may be, an immediate state of emergency usually soon gives way to a period of repair and recovery. Outside help is often sought and received.

An avian flu pandemic, according to most experts, would be worldwide. Governments might well order quarantines, school closings, public facility closings and even business closings. Emergency response services would be affected. Some say that 25 percent of the world's population could be infected directly, but as much as 60 percent of the workforce could be impacted, as family members would need to care for the sick; parents might need to stay home to care for children; and others would simply stay home out of well-founded caution or simply fear.

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Issue 1 – An Overview
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Neither are pandemics generally single events. In the past, they have come in waves separated by weeks or months, yielding long-term disruption. While most direct losses would be to people, property losses could be expected to increase with a reduction in protective services, such as fire departments.

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Are Organizations Prepared?

Like the news about avian flu, reports on the progress of preparation efforts are also mixed. According to a recent International Facility Management Association survey, 51 percent of facility executives responding indicated their senior managers don't consider bird flu a threat. The survey also found:

- 83 percent of respondents have a clear understanding or are aware of the possibility of a pandemic.
- Seven percent of organizations have pandemic plans implemented.
- 41 percent are drafting plans.
- The remaining 52 percent either believed their existing business continuity plan would suffice or have not even considered planning for a pandemic.
- Of those with plans in place or considering plans, 91 percent indicated their plans addressed staffing, 83 percent say facilities were considered and 67 percent addressed security. Other areas addressed included customers/visitors, vendors and food service.

Anecdotal evidence shows a wide range of responses, from companies setting up quarantine facilities that would house workers and their families during a pandemic to organizations that admit they are waiting to hear from their government before they act.

Where to Start

Organizations first need to understand that they, like every other entity in the world, are likely to be affected by an avian flu pandemic should one occur. An event of this magnitude should be expected to have the following effects:

- Enterprise-wide impact on the workforce
- Impact on revenue streams
- Third-party issues, especially if heavier outbreaks occur in areas where key suppliers or customers are located
- Internal dependency issues
- Restrictions on travel internationally and locally
 - Quarantines
 - Country boundaries closing
 - Civil authority edicts (e.g., public transit restrictions and school closings)

What can you do to deal with this type of catastrophic risk? The answer is a business continuity management (BCM) program that allows you to take thorough and immediate action to protect your employees and maintain your revenue streams.

The Underpinnings of Effective BCM

The goals of an effective business continuity management program are admittedly large:

- Do everything possible to ensure the life safety of employees and others for which the organization may bear responsibility (customers, guests, members, etc.).
- Minimize the extent of disruption and damage and prevent its escalation.
- Establish alternative means of operation.
- Minimize the impact of economic losses.
- Train and educate personnel and familiarize them with emergency operations and functions.
- Provide for a smooth and rapid transition of services.

Ultimately, the intent is to maintain the availability of critical resources within an organization at a level acceptable to senior management.

In order for a business continuity management program to be successful, it must be designed to be an integral component of an organization's corporate culture. This requires commitment and support from senior management. It usually involves the establishment of steering committees or planning teams. Once these pieces are in place, the first major undertaking can begin: conducting a business impact analysis.

Business Impact Analysis: Question and Response

A full analysis looks at an organization from several perspectives and suggests responses.

Operational/Service Delivery Considerations

- Conduct an on-site review of all operations to identify critical operations and essential services.
- Decide what resources are necessary to perform day-to-day functions and specialized tasks and whether any cross-training is needed.
- Determine the minimum resources necessary to operate essential services.
- Determine what operations can be temporarily suspended.
- Determine critical business systems and the minimum resources required to maintain those systems on an interim basis.
- Identify all essential organizational knowledge; this includes files people may have on C: drives; determine how access can be maintained.
- Identify workplace alternatives: working from home; attendance on a rotational basis; alternate worksites; sharing work among locations.
- Determine service requirements for implementing workplace alternatives. (Do you need to buy more laptops? Are you prepared for a slowdown in internet service due to overuse?)
- Identify interdependencies and discuss with service providers, vendors and other partners how they plan to deal with a concurrent emergency (of particular importance in preparing for a pandemic) and how they will maintain their service.
- Facility managers/building owners need to be contacted regarding such issues as whether air conditioning can be run during a pandemic. (Is filtration up to standard?)

Client Considerations

- Estimate the impact of a reduction in operations on clients in terms of the timing and delivery of goods and services.
- Identify potential interruptions in sales and other communications processes.
- Determine potential alternatives to suggest to clients.
- Ensure all contact lists are up to date, both internal and external.
- Identify alternate contact points for clients should their usual contacts be unavailable.

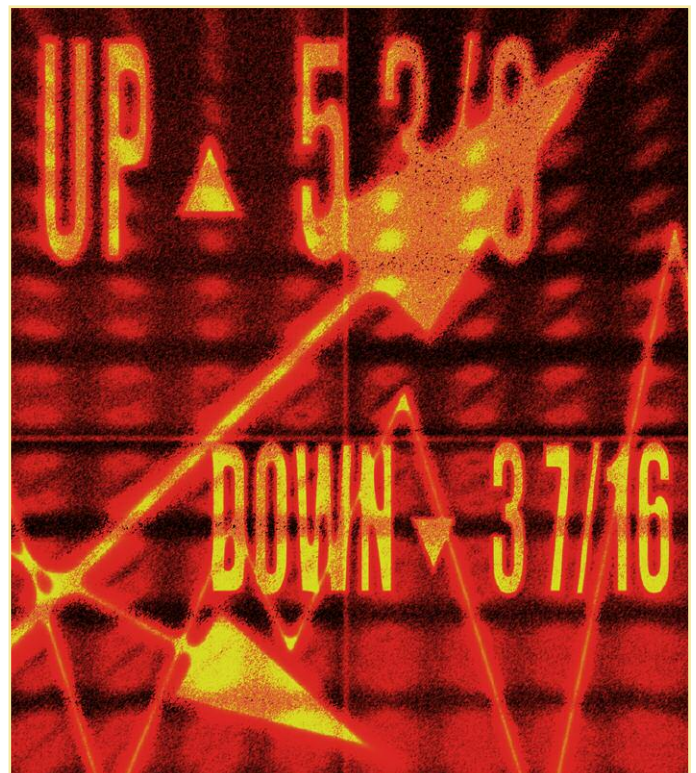
Employee Preparation

- Ensure that all staff are aware of the planning process and the nature of the risk.
- In the case of a pandemic emergency, health considerations are paramount.
 - Staff should know the symptoms of the disease and be discouraged from coming to work if they show signs.
 - Public transport to and from work may not be an option
 - are there options such as carpooling?
 - If an employee falls ill at work, how is the employee going to get home? What should co-workers do?

- Hygiene needs to be considered, including minimization of face-to-face contact and contact at communal places such as conference rooms, kitchens, snack machines, coffee machines, etc.
- Will you provide face masks? Flu medication?
- Will you make adjustments to sick leave or family leave policies?
- Will you permit employees to bring children to work if schools are closed?
- How will client and other external meeting arrangements be altered?
- Be sure all staff know their status in terms of a response plan: Are they deemed essential to daily operations? Would they be expected to work from home? Might responsibilities be changed?

Financial

- Determine likely scenarios for cash flow disruptions, both in accounts receivable and payable.
- Anticipate stock market adjustments; in the event of a decline, how will investor response be managed? All companies may be hit by a pandemic, but their level of preparedness and the effectiveness of their response will differ – and differentiate them.
- Is the organization prepared for increases in healthcare and disability benefit outlays?
- Unexpected expenses may arise in a crisis for which debt may need to be incurred. Financial partners should be consulted.



Creating a Business Continuity Plan

A business continuity plan addresses the issues outlined above and sets forth the steps required to implement responses. A plan should contain the following elements:

- Clear delineation of roles, responsibilities and actions to take
- Timetables for regular response rehearsal exercises to ensure all personnel are familiar with their assigned roles and responsibilities
- Action plans for implementing mitigation or preparedness efforts
 - Emergency response training
 - Purchasing masks, flu medicines, hygiene supplies
 - Training and educating
 - Pursuing insurance options
 - Infrastructure and equipment to allow work-from-home plans
- Drafting communications: messages to employees, partners, clients, etc. and establishing communications procedures, both internal and external
- Establishing recovery time objectives for various business functions (A recovery time objective refers to the maximum acceptable length of time that can elapse before the lack of a business function severely impacts the business entity. Establishing these objectives helps establish priorities and allocate resources during the recovery process.)

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A Staged Response

A pandemic is not likely to spring up overnight. It may emerge fairly quickly but is likely to develop in stages. A response plan should consider the level of flu risk.

- No immediate risk
 - Preparation
 - Education
 - Immunizations and stocking of medicine for international business travelers
 - Take typical precautions, such as avoiding areas where avian flu infections are reported
- Avian flu is reported nearby but spread is limited
 - Preparation and education; insist that employees are familiar with BCM plans and their roles
 - Delivery of medicines for administering at onset of symptoms or preventatively

- Implement precautionary restrictions, such as more severe travel restrictions and asking employees exhibiting any symptoms to stay home
- Initiate communications procedures for employees, clients, vendors, partners, etc.
- Pandemic begins
 - Full implementation of the BCM plan
 - Proactive implementation may reduce the impact of the pandemic

And if There Is No Pandemic?

Creating a BCM plan is a complex and difficult undertaking. Organizations typically will use their own internal expertise to develop their BM plans and, due to the enormity of the project, will often seek outside BCM expertise to ease the burden, maintain enthusiasm and improve the result. The work, however, should not need to be done from scratch. Most organizations have disaster plans, inspired as they may have been by SARS, Y2K, 9/11 or natural disasters such as hurricanes and earthquakes. A pandemic represents a significant expansion in terms of exposure, and a BCM plan would need to follow suit.

There are advantages to be gained by completing the process, whether or not it is ever fully needed. The organization is likely to better understand its potential operational vulnerabilities and its critical operations and will certainly be better prepared for an unanticipated disruption in business as usual. Most of all, creating a thorough BCM plan is the best way for an organization to attend to its responsibilities to its many stakeholders.

The US Centers for Disease Control publish a useful and detailed checklist for avian flu pandemic preparation. It is available online at <http://www.pandemicflu.gov/plan/businesschecklist.html>.



H5N1 (Avian Flu Virus) Data Tracker

Below we offer recent data on the impact and spread of avian flu. For up-to-the-minute statistics and further information, visit the following web sites:

- World Health Organization: http://www.who.int/csr/disease/avian_influenza/en/index.html
- The United Nations' Food and Agricultural Organization:
http://www.fao.org/ag/againfo/subjects/en/health/diseases-cards/special_avian.html
- The US Centers for Disease Control: <http://www.cdc.gov/flu/avian/>

Cumulative Number of Confirmed Human Cases of Avian Influenza A/(H5N1) Reported to WHO 6 June 2006

Country	2003		2004		2005		2006		Total	
	cases	deaths	cases	deaths	cases	deaths	cases	deaths	cases	deaths
Azerbaijan	0	0	0	0	0	0	8	5	8	5
Cambodia	0	0	0	0	4	4	2	2	6	6
China	0	0	0	0	8	5	10	7	18	12
Djibouti	0	0	0	0	0	0	1	0	1	0
Egypt	0	0	0	0	0	0	14	6	14	6
Indonesia	0	0	0	0	17	11	32	26	49	37
Iraq	0	0	0	0	0	0	2	2	2	2
Thailand	0	0	17	12	5	2	0	0	22	14
Turkey	0	0	0	0	0	0	12	4	12	4
Viet Nam	3	3	29	20	61	19	0	0	93	42
Total	3	3	46	32	95	41	81	52	225	128

Total number of cases includes number of deaths. WHO reports only laboratory-confirmed cases.

Source: World Health Organization

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