

STRATEGIC OUTCOMES PRACTICE

YOU SHOULD KNOW

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SMALL BUGS BIG BITE OUT OF PROFITS

INTRODUCTION

Bedbug infestation is one problem where sleeping on it won't help. In recent months, the news media wrote or broadcast numerous stories about exposure to bedbugs. They've reported infestations forcing prominent retail companies to close stores for pesticide treatments. The Brooklyn, New York District Attorney's office experienced a bedbug outbreak, as did a national movie theater chain. The Internal Revenue Service discovered bedbugs in their offices in Philadelphia and Covington, KY. The list of locations afflicted with bedbugs to varying degrees is endless, and that's the point. Bedbugs may be found in stores, movie theaters, restaurants, daycare centers, schools, hotels, offices, hospitals, airports, cruise ships, trains and buses and airplanes and single family homes. No location is immune to potential bedbug infestation.

BACKGROUND ON BEDBUGS

So what is a bedbug? How does it feed and survive? How does it travel? What are the signs bedbugs are present? How can we get rid of them?

A bedbug is a small, apple seed-sized, flat, reddish-brown insect. A bedbug is a parasite, biting humans and feeding off our blood. A fully fed bedbug can swell to three times its normal size, dramatically changing in appearance to the point where it may look like a different insect. It can survive months between feedings.

Bedbugs are attracted by our warmth and the presence of carbon dioxide given off by our respiration. Typically they live about 10 months, but some species can live longer. On the positive side, these bugs are not known to transmit diseases to humans; however, their bites can cause allergic reactions in some people.

Bedbugs do not fly; they crawl and rely on people to transport them from place to place, frequently hitching a ride on clothing, in luggage, backpacks and briefcases. They also hide in furniture, such as headboards, night stands and mattresses, folded clothes, seams of walls, carpeting and other fairly dark locations. The transport of furniture or clothing, whether by a retailer selling new products or owned by private individuals, can be the means of moving bedbugs from one place to another.

IDENTIFYING THE PRESENCE OF BEDBUGS

Usually, the first sign of bedbugs is their bite marks appearing on a person's body, typically around the face, neck, arms and back. Other signs include rusty red or brown or dark spots on mattresses, sheets and pillows or cloth materials and the presence of exoskeletons.

This issue of *You Should Know* is one in a series of brief articles designed to keep our clients abreast of significant breaking news in the claim and loss control areas that could affect their operations or exposures. Additional information about this and other topics can be obtained from your Regional Strategic Outcomes Practice Associate.

GETTING RID OF BEDBUGS

Bedbugs are resilient creatures. They are resistant to many pesticides. Common eradication and treatment practices include:

- The employment of licensed pest management companies to apply chemical treatments
- Judicious use of effective chemical pesticides, usually requiring several treatments
- Using non-chemical pesticides, such as diatomaceous earth
- Removal of clutter where bedbugs can hide
- Applying heat treatment (steamers)
- Vacuuming (mattresses, carpeting, upholstered furniture, curtains) frequently
- Sealing cracks and crevices to remove hiding places¹

LEGAL IMPACT ON LANDLORDS

Last year, Governor David Patterson of New York signed the Bedbug Disclosure Act, which requires landlords to disclose to a potential tenant the history of bedbugs in the building for the previous 12 months. Other legislation is being introduced in the New York Assembly to give New York residents a tax credit if they were forced to replace furniture infested with bedbugs. The laws addressing bedbug infestation is relatively undeveloped across the nation, but it is growing. Legislation, mostly focusing on landlords, was introduced in CT, NJ and OH. In Maine, Title 14 M.R. S.A. went into effect on July 11, 2010. This law states that landlords will inspect and treat facilities if the presence of bedbugs is suspected. We can reasonably expect legislation addressing bedbug infestation to continue to expand in many states.

INSURANCE IMPLICATIONS

The jury is still out on how the law and insurance will respond to the various situations that may

arise. Obviously, the application of the law will vary from state to state and jurisdiction to jurisdiction. There is discussion of new legislation being passed to address this situation. For example, New York State is considering legislation requiring insurance companies to offer their insureds some coverage to address this problem, but no one can predict the direction this will take.

From the first-party property insurance perspective, whether or not the presence of bedbugs is an occurrence of loss and damage under a policy is a serious question. Also, most commercial policies have a vermin and insect exclusion. The insurers tend to look at these outbreaks as “maintenance” situations and not subject to coverage. From the liability and workers’ compensation perspective, insurers will need to respond to claims and suits that are sure to follow.

CONCLUSION

So, don’t sleep on this problem – develop a plan. Create a plan that will address remediation and removal of these insects, as well as dealing with potential issues involving your employees, customers and visitors. There are consultants and contractors who can assist you with developing a strategy for remediation and managing the various issues associated with this problem.

HELPFUL WEBSITES

- **University of Kentucky, College of Agriculture website**
- **National Pest Management Association website**
- **U.S. Centers for Disease Control and Prevention website**
- **U.S. Environmental Protection Agency website**
- State and local governments, see local websites



CONTACTS

For further information on this pesky issue and how to protect your business, please contact your local Willis Client Advocate®, your Willis Claim or Risk Consultant or:

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For on other claim and loss prevention issues, please visit willis.com.

The observations, comments and suggestions we have made in this publication are advisory and are not intended nor should they be taken as legal advice. Please contact your own legal adviser for an analysis of your specific facts and circumstances.

¹ Taken from the **Joint Statement on Bedbug Control in the United States** from the U.S. Centers for Disease Control and Prevention (CDC) and the U.S. Environmental Protection Agency