

Pandemic Declaration Spurs Need for Risk Management

By Carrie Burns

June 12, 2009

As *INN* [reported](#) yesterday, the [World Health Organization](#) (WHO) has declared the H1N1 flu a pandemic.

This marks the first global flu epidemic in 41 years. In response to this development, members from the [Society of Actuaries](#) are advising businesses to revisit and/or create business continuity and preparedness plans.

At a recent presentation at the Enterprise Risk Management Symposium in Chicago, Max Rudolph, Fellow of the Society of Actuaries (FSA), Chartered Enterprise Risk Analyst (CERA) and owner of Rudolph Financial Consulting LLC, discussed key findings on the pandemic in relation to the 1918 Spanish flu outbreak. He said, "Businesses need to take a deeper look into the risks associated with their operations in coping with the possible impact of this virus. These risks include insurance risk (mortality, morbidity); economic risk (liquidity); counterparty risk (reinsurer solvency); and business continuity (claims and customer service)."

Focusing on the risks to businesses from a pandemic, Rudolph recommends companies put preparedness plans in place not only for today, but also for the next six to nine months, taking a more long-term, comprehensive look at managing risks. "Scenario planning exercises are important to see where there are gaps in preparation, such as if the company closes the office and has employees work from home," he said. "Without testing and planning this could slow down computer servers, thus causing further business delays."

[Aon Corp.](#) weighed in on the situation, releasing a statement from Gisele Norris, DrPH, national director of Aon Healthcare's alternative risk practice. "The WHO declaration is a signal that businesses worldwide must continue and indeed escalate vigilance in their pandemic planning efforts," she said. "This is not a time to be complacent, but rather an opportunity to anticipate possible scenarios and create contingency plans accordingly. Aon stands at the ready to guide and assist its clients in their readiness preparations."

Aon identified six steps to protect employees, customers, supply chain partners, additional stakeholders and business assets:

- Ensure supply chain is uninterrupted by determining availability of backup suppliers
- Build a pandemic crisis communication plan, including a process for cascading critical messages to employees

- Develop a protocol to facilitate home working arrangements for employees
- Inform employees of any travel protocols/restrictions in place
- Look at succession planning for all levels of the organization and ensure that—at a minimum—key functions have been addressed
- Construct a plan of action addressing the incubation period (three to four days prior to onset of symptoms) in the event an employee is suspected of having the H1N1 flu virus at work, a family member is at risk or an employee has been exposed to the virus

For more information on related topics, visit the following channels:

- Risk Management

©2009 Insurance Networking News and SourceMedia, Inc. All rights reserved. SourceMedia is an Investcorp company. Use, duplication, or sale of this service, or data contained herein, is strictly prohibited.