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U of T expert warns business to wake up to flu risks

Canadian businesses are not prepared for the disruption a flu pandemic may cause, an expert from the University of Toronto has warned.

If the avian flu starts human-to-human transmission the resulting pandemic has the potential to be more deadly than the 1918 flu, said Dr. Kirsty Duncan, research director of AIC Institute of Corporate Citizenship of Rotman School of Management at the university. She led an expedition for victims of the 1918 flu whose bodies had been buried and preserved in permafrost. She located the bodies of seven coal miners who had died in 1918 and were buried in Norway.

Dr. Duncan said that business, insurers and the general public need to be aware of what may be in store.

“Business needs to begin preparing for a pandemic. The WHO and the world’s experts believe that a flu pandemic is inevitable if not imminent.”

She said there have historically been three pandemics a century so we need to be prepared after the outbreaks in 1918 and 1962.

“We have the opportunity to act now. We haven’t had that in the past.”

In her book *Hunting the 1918 Flu: One Scientist’s Search for a Killer Virus*, she wrote: “Throughout the world the losses to business were staggering. Merchants suffered because customers were staggering. Merchants suffered because customers were too ill to shop, staff were absent with flu and transportation was halted. Pool halls, restaurants and theatres all lost heavily. But it was the insurance industry that was perhaps the hardest hit: In London, England, the Prudential Assurance paid out two times as much in flu claims as it did in war claims.”

This is a chilling warning for insurers and for business who haven’t yet sorted out business interruption plans or coverage.

“Companies need to develop ways in which to keep their businesses going while keeping your employees safe.”

Meanwhile, a major London gathering was told Britain is “sleepwalking towards disaster” if industry doesn’t wake up to the potential costs of an influenza pandemic.

Organized by Aon Ltd., the conference dealt with the UK's preparedness for a major pandemic, following recent news reports of bird flu outbreaks in Europe and four human deaths in Turkey.

Delegates from various sectors, including leisure, retail, transport, charities and property, discussed employers' responsibilities in the event of a pandemic. Much of the government legislation in this area is still linked to the Wilson-era *Health and Safety at Work Act (1974)*, which stipulates that employers must ensure the health of their employees "so far as is reasonably practical".

"It's not just about having a technical answer," said associate director of Aon's IRMG, Alex Hindson, told the conference.

"It's almost less 'techie' and more human-resources related. Fifty percent is planning and 50% is communication."

The conference follows the recent launch of Aon's pandemic survey, which showed that more than eight in ten business leaders viewed a possible influenza pandemic as a threat to their business, but fewer than six in ten have put measures in place to protect themselves against such a risk.

Further, three-quarters of business leaders believed that employee absence could be a significant risk to their business and the British government believed that up to 25% of the workforce could be absent for between five and eight days in a concentrated three-month period. ■



2005 FLU SURVEY

**by DMEC*

1. Introduction

The flu inflicts large health, social and economic costs. According to the federal Centers for Disease Control and Prevention, between 5% and 20% of U.S. residents get the flu each year. Of those, more than 200,000 are hospitalized for flu-related complications. 36,000 of them die. If 15 million workers get the flu this winter, that translates into a cost of nearly \$20 billion for U.S. employers. This figure does not even include the costs incurred when employees go to work sick and can not perform at their peak.

The outbreak of avian flu has heightened worries about a flu pandemic. The Congressional Budget Office recently estimated an avian flu pandemic could infect 30% of the US population, 2% of whom would die. Economic costs could reach \$675 billion, and the economy would be plunged into a serious recession.

Governments at every level in the United States are taking steps to prevent and, if need be, manage a flu pandemic. Essential participants in any such effort would be America's employers. In addition to schools, it is in workplaces that flu spreads and causes immediate and serious disruption.

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What are employers doing to reduce the incidence and costs of flu? What are they doing to prepare for a possible avian flu pandemic?

2. The DMEC Survey

The Disability Management Employers Coalition (DMEC) determined to learn what its members have done and plan to do to mitigate the effects of flu and a possible pandemic. Between November 16 and November 18, 2005, DMEC surveyed its members. Responses were received from employee benefit, human resource, and risk and disability managers in large and medium sized businesses in the health care, manufacturing, financial services, insurance and service industries, varying in size from several hundred to 60,000 employees.

*About DMEC

The Disability Management Employer Coalition, Inc., DMEC, is a nonprofit, employer-focused professional association founded in 1992 to advance the development of integrated disability management processes in all disability-related employer programs. The coalition encourages employers, health and disability providers, and the government at all levels to support the concept of disability, benefits and absence integration. DMEC is headquartered at: 6343 El Cajon Boulevard, Suite 110, San Diego, CA 92115. Telephone: (800) 789-3632. Fax: (619) 303-6855. Web site: www.dmec.org.

3. Summary of Findings

More 80% of respondents say their employers provide employees access to flu shots either at the workplace or a local clinic. Yet fewer than half of employees actually choose to receive a flu shot. While cost could be a factor, other possible explanations include lack of awareness and fears about possible flu shot side effects, both of which point to the role of employer communications programs in increasing vaccination rates.

While the overwhelming majority of respondents' companies provide flu shots and subsidize their cost, three-fourths of employers are unaware of shots' impact on illness and absence. Less than a fifth measure absence due to flu. There is clearly room for quantification of the costs of flu and the costs and benefits of flu shot programs.

The key method used by employers to manage a flu outbreak is to encourage infected employees to stay at home. Just under half of respondents who use this method encourage employees who stay at home to work at home. This is an important finding for those employers who prefer to keep infected employees productive.

A majority of respondents believe employers can prepare for an avian flu pandemic and are discussing how to do so. These professionals are waiting for more information from top management. Importantly, they look first to the CDC for overall direction. These findings point to the centrality of the federal government and corporate management in handling a possible avian flu pandemic, and the need for coordinated and consistent communication.

4. Specific Findings

Flu Shots

Flu shots are the primary means of controlling flu in this country. The first set of questions addressed the programs DMEC members have in place to provide access to flu shots and the cost of these shots for employees.

Vast Majority Provide Access to Flu Shots

In 2005, 80.3% of respondents are providing flu shots to employees at the workplace. 70.5% of respondents make flu shots available to employees at local clinics.

Employees Receiving Shots

While over 80% of respondents provide access to flu shots, the number of employees who chose to obtain them is far lower. For 89% of responding employers, fewer than half of

employees receive flu shots. For 38% of employers, fewer than 25% of employees receive shot. At only 6.6% of employers do 75% or more of employees receive flu shots.

Cost of Flu Shots

72.1% of respondents cover at least some of the cost of employee flu shots. This is primarily accomplished through health plans, with 62.3% of respondents answering that their plans cover flu shots.

70.5% of respondents' companies pay between \$10 and \$20 for each flu shot administered.

Managing Flu's Impact

The second set of questions addressed the flu's impact on employee absence and the programs DMEC members have in place to address it.

Measurement

While the large number of flu shot programs indicates respondents are aware of flu's impact, this does not appear to translate into direct measurement. 86.9% of respondents do not measure the number of absence days during the flu season. Further, 75% of respondents do not know if absence days increase or decrease for employees who receive flu shots.

When Flu Outbreaks Strike

Flu can quickly infect an entire workforce. The quickest and easiest method employers have for managing a flu outbreak is to minimize the spread of infection by encouraging sick employees to stay home. An overwhelming majority of respondents, 90.2%, do just that.

Staying at home does not mean infected employees are fully separated from the workplace and work. 45.9% of respondents encourage employees who stay at home with the flu to work from home if they are able.

Avian Flu Pandemic

Given the media attention avian flu has received this year, the third set of questions probed how this overall attention has translated into action and to whom front line corporate professionals look for guidance on this subject.

Preparation

Respondents feel employers will play a role in an avian flu pandemic. 60.7% of respondents feel employers can prepare for an avian flu pandemic. 59% of respondents are discussing how they would handle a potential avian flu pandemic.

Does it Reach the Top?

However, there is some indication the concern about a pandemic has not reached top managers or, if it has, that concern is not being communicated to the "front line" professionals who devise and implement disability and human resource programs. 31.1% of respondents believe their top managers are concerned about a possible flu pandemic.

The quickest and easiest method employers have for managing a flu outbreak is to minimize the spread of infection by encouraging sick employees to stay home.

9.8% believe top managers are not concerned, while the majority, 59%, is waiting for more information.

Taking the Lead

When it comes to concrete plans for handling an avian flu pandemic, respondents clearly believe the federal government is the body to offer direction. The largest percentage of respondents, 34.4%, is waiting for information from the CDC. The next largest percentage, 23%, looks for direction from a corporate medical director. Nearly a fifth of respondents, 19.7%, are not sure where they would obtain information about how to handle an avian flu outbreak. ■

DMEC FLU SURVEY
results found at
www.keysurvey.com/report/85577/13039/2cbf



Tripping not Slipping, Falls Without Ice

**by Sasha Alexander*

Staying on your feet can be challenging with the arrival of winter. Living in a northern climate, we tend to snicker at the images of those in southern climates when they experience icy conditions. We watch as they lose control of their vehicles while traveling at less than five miles per hour. The entire town is closed down because of a little bit of ice. In reality, most urban areas in the temperate regions of North America are not prepared, equipped or experienced to handle even a short term situation involving ice. This reality seems to hold true even in areas where winter comes around every year. It may not be as widespread as an entire town shutting down but as individuals, we tend to be utterly unprepared when the ice and snow arrive. Whether its inappropriate tires on our vehicles or shoes on our feet, once ice forms, we find that getting around becomes a tricky proposition. It's at this point that most risk managers begin to think, how bad will it be this year? When will the first slip and fall claim call come?

Slips comprise the majority of bodily injury claims suffered by third parties while on University premises. Most injuries are minor, twists, abrasions and contusions. Some are serious and have long lasting effects. This fact tends to focus the majority of the risk manager's attention upon slips as it should. But slips are not the only source of significant bodily injury claims. Trips are becoming an increasingly significant source of third party claims.

Trips are defined as a fall caused by striking one's foot upon an object or missing an intended landing causing one to lose one's balance resulting in a fall. Unlike slips, the hazards of trips are present throughout the year. Trips are not dependant upon the climate to create the necessary conditions to make a hazard. Climate can increase the likelihood of a trip hazard causing an injury.

There are many causes for trips and falls. Some of the more common include;

- Uneven sidewalks
- Transition zones
- Potholes
- Grates

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- Steps
- Concrete parking bumpers
- Uneven elevator openings
- Inattention and Distractions

Many factors go into creating hazards out of these apparently benign objects. Most develop into hazards due to exposure to the climate. The continuous freeze and thaw that is common in the northern climatic regions is very difficult on the variety of materials that are used. Sidewalks can become uneven due to settling and tree roots but the primary reason that sidewalks become uneven is due to the development of ice underneath the slabs which raises the slab and then sinks when the ice melts. It can safely be said that everyone at some point in their life has tripped on a sidewalk. But as the North American population ages, trips over sidewalks are becoming more common and more severe. An aged individual is prone to more severe injuries due to a weaker skeletal system and a significantly reduced muscular response reflex to soften the fall by putting out their hands. It is becoming more common to see elder individuals who have fallen due to an uneven sidewalk with significant injuries to their head.

Some of the common injuries that result from trips include several that you would find from slip and falls including torn and strained muscles, tendons and ligaments, dislocations, broken bones (primarily wrists and elbows) and concussions. In most situations the injuries tend to be less severe than slip and falls. But as pointed out, this situation may change as the population ages.

Unlike slips, trips generally tend to go unreported by individuals that are injured. There are several reasons for this reality. Most people when they slip can attribute their misfortune to the slippery condition and the location they are at. It can be argued by the injured party that some one is responsible for not making the walkways safe for them to travel upon. The cause can be attributed to some one besides the 'victim'. In most cases the owner of the premises is perceived as solely responsible. When someone trips, most attribute the cause to themselves. It becomes an issue of embarrassment. In fact, trips are predominantly reported by females. It's hard to believe that men are able to walk with any more competence than women. Footwear is an issue for some females but is not a significant factor in most trips. Men tend to avoid the embarrassment of falling off their feet for no apparent reason.

Most trips and falls that are reported tend to be by employees and therefore are generally Workers' Compensation claims or some form of short-term or long-term sick leave. Trip and fall third party claims do not represent the severity that slip and falls do but that is changing. More claims are beginning to develop as individuals become aware of their legal opportunities for compensation for injuries suffered as a result of trips and falls.

Slips are arguably easier to control. Many institutions have very effective policies and procedures in place to address most situations. Ice and snow are very visible and therefore institutions are immediately aware of the hazards present which they then can immediately mitigate. Tripping hazards on the other hand are constantly developing. They exist year round and both indoors and outdoors. You are just as likely to trip over a manhole as you are over a misplaced plug outside your office.

In order to effectively address tripping hazards, several simple actions can be taken. One of the primary measures is to perform a regular review of sidewalks, parking lots and elevators to gauge any difference from season to season. It's also a good excuse to get out of your office and go for a walk. When a concern is discovered, report it and have it fixed

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as soon as possible. If fixing the hazard is not possible in the short-term, put up warning signs and barriers.

Although slips have received the lion's share of claims and are much easier to litigate, this situation is rapidly changing as individuals become aware of the legal options available to them and the legal climate becomes more litigious. Trips are a significant hazard to any organizations that owns and operates premises that invites individuals onto their premises. Simple measures can go a long way in keeping trips the insignificant source of third party claims when it comes to falls. ■

?? Questions & Answers ??

Q. A student was working late at the library one evening. Upon reaching his vehicle in the parking lot, he discovered that vandals had spray painted all over it. Will the CURIE liability policy respond to this type of situation?

A. Yes, the CURIE liability policy would respond to defend the University, as it is designed to respond to third party claims. The allegations would have to be investigated to see if the University was negligent in any way leading to the cause of the damage. The University cannot be responsible for the acts of other parties, such as vandals. However, if the University had no security, or if the lights were burned out in the parking lot and the University knew about this but did not respond to fix the lights, then there could be some responsibility with the school. The CURIE policy would not pay any damages to the third party unless there was negligence resting with the University. There is no first party coverage available to the student under the CURIE policy. The only first party coverage available to the student would be the comprehensive coverage under their own automobile policy.

DATES TO MARK ON YOUR CALENDAR

☑ *CURIE University
& College Risk
Management
Conference (AGM)
Sept. 16 & 17/06 at
Calgary Marriott
Hotel, Calgary, AB*

☑ *RIMS Canada
Conference,
Sept. 17 – 20/06
Calgary, AB*

CURIE UPDATE

Statement of Income and Expenses For the twelve months ended December 31, 2005

	2005	2004
Written Premium	16,034,466	16,894,362
Earned Premium	16,034,466	16,894,362
Less Reinsurance Costs	2,980,218	2,481,688
Net Earned Premium	13,054,248	14,412,674
Net Incurred Claims	7,037,583	7,919,330
<i>Net Loss Ratio</i>	53.91%	54.95%
Underwriting Profit (Loss) Before Operating Expenses	6,016,665	6,493,344
Operating Expenses	2,483,538	2,194,849
<i>Net Operating Expense Ratio</i>	19.02%	15.23%
<i>Combined Ratio</i>	72.94%	70.18%
Underwriting Profit (Loss)	3,533,127	4,298,495
Income from Investment	1,645,702	1,566,556
Other Income	1,500	30,053
NET PROFIT (LOSS)	5,180,329	5,895,104

Property Program Claims Trends

	CURIE I	CURIE II	CURIE III	2003	2004	2005
Frequency	101	112	120	31	41	47
Severity	\$3.1M	\$4.4M	\$5.4M	\$5.4M	\$5.6M	\$13.0M

The graph above outlines the growing frequency and severity of claims on the property program. The numbers for CURIE I through III represents the results of each five year period. The last three columns show the annual results for the first three years of CURIE IV. The majority of the property losses have been weather related losses, lab fires and freeze ups. We will be addressing these issues in greater detail in future newsletters, claims updates and at the workshops in Calgary. This increase in claims activity has led to the increase of CURIE's retention to \$7.5 million, effective January 1, 2006.

CURIE Risk Management Newsletter

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