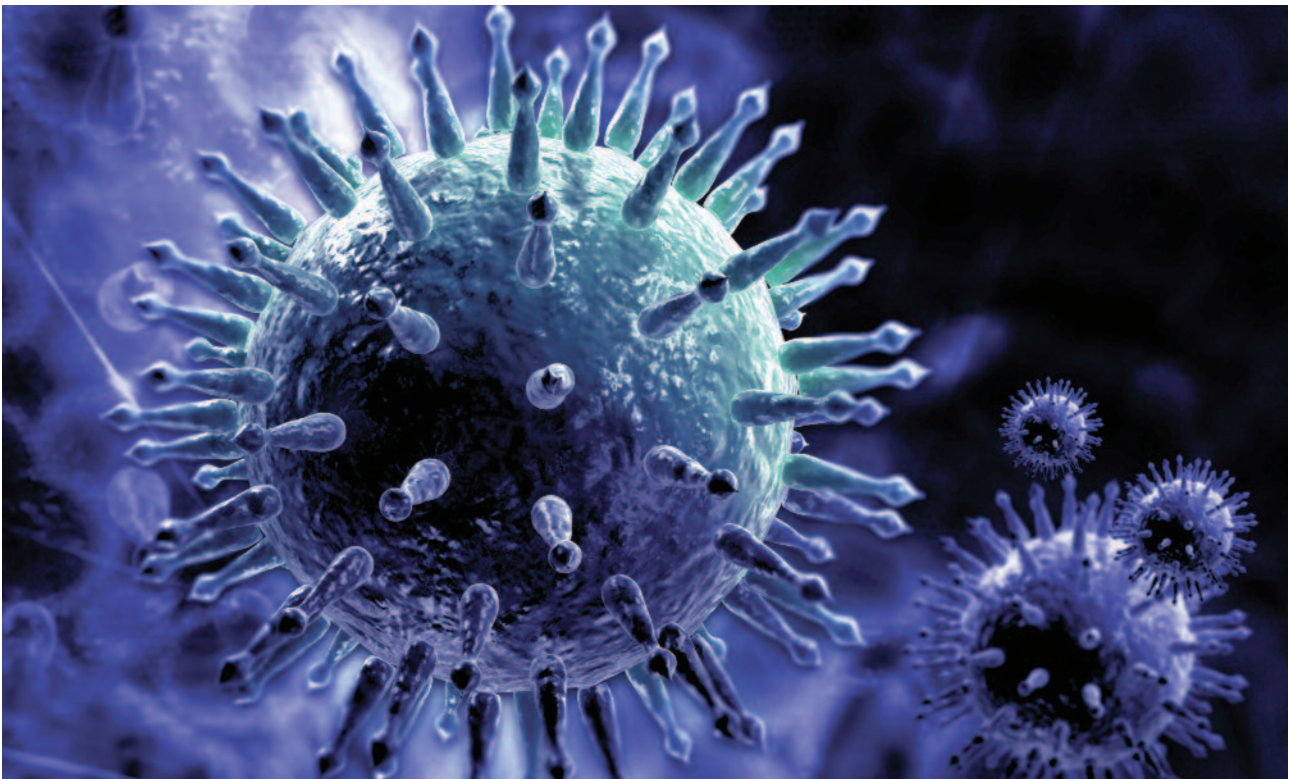


RISK FOCUS

JLT SPORT BULLETIN JULY 2014

Communicable Disease and Swine Flu Risk

The revenue from an International Federation's World Championship and their other major events often form a significant part of their budget. However, circumstances may arise which could stop these events from proceeding as planned and have a significant financial impact – leaving you needing to recover your financial loss or outlay on costs and expenses through Event Cancellation insurance.



Whilst this policy covers “all risks beyond your control”, there are a small number of perils which are excluded as standard, one of which is communicable disease. This exclusion can be removed from the policy upon the payment of an additional premium. Insurers will not cover the threat or fear of communicable disease so this part of the exclusion remains.

QUALIFYING CIRCUMSTANCES

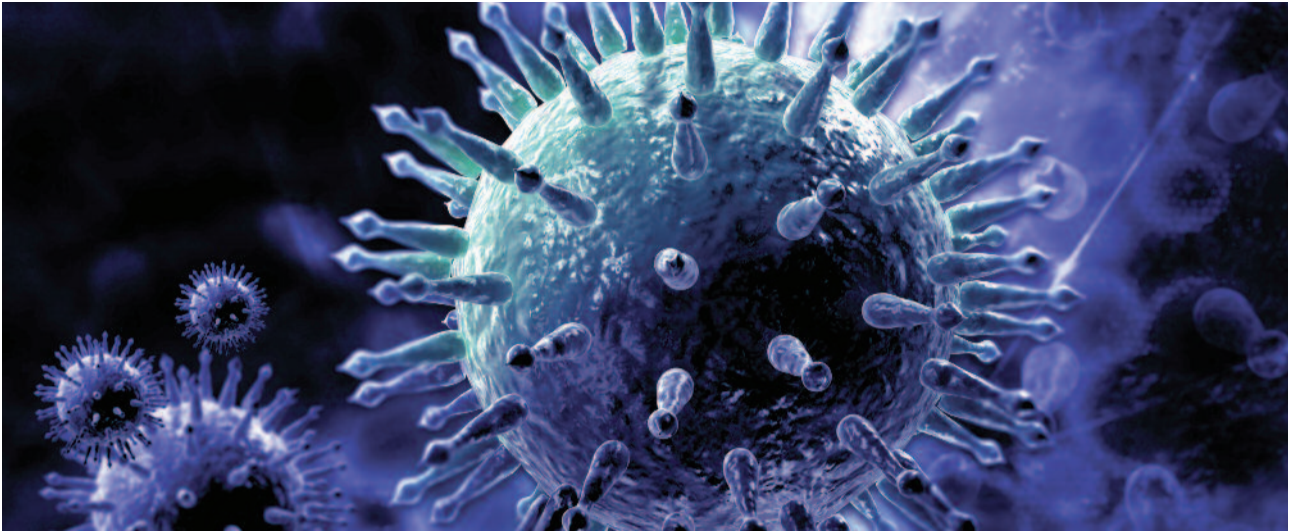
It is not always clear to International Federations what the risk is and if the additional premium is justified.

Loss would occur if:

- Either a national epidemic or international pandemic was declared by the World Health Organisation (WHO) in relation

to an outbreak of SARS, Swine Flu or some other currently unknown variant or new disease

- Country wide quarantines or restrictions in large gatherings of people (i.e. sports events) were imposed as a result of the declared epidemic / pandemic, or
- The WHO or a National Government advises / recommends that people refrain from travelling.



Any covered loss would have to be as a result of the necessary cancellation of the event i.e. the policy would not respond if the organisers decided to cancel on their own initiative as a result of press coverage resulting in widespread fear or concern, but without actual advice from a recognised professional body.

CAUSES FOR CONCERN

The more recent outbreaks of SARS / Avian Flu in 2010 actually only affected specific geographical areas. The SARS virus killed an estimated 15% of cases. However, coronaviruses, which spread rapidly from person to person across East Asia, appear to kill more than half of the people who contract it.

That figure will almost certainly decline – it's highly likely that there have been many non-fatal cases of the new coronavirus which have gone unidentified, either miscategorised as other forms of respiratory infection, or simply being so mild that they failed to come to the attention of the medical system at all. Since the SARS outbreak, two other similar epidemics have failed to match its level of impact. The continuing outbreak of H5N1 influenza, also known as Avian Flu, has killed at least 300 people, but

WILL CLIMATE CHANGE BRING BACK SMALLPOX?

Siberian corpses could ooze contagious viruses if graveyards thaw out, claim scientists:

- The disease, which causes a painful blistering rash and sometimes blindness and death, was wiped out in 1979
- Some experts fear defrosting bodies in Siberia could potentially begin a cycle of infection, if a person makes contact with remains
- Defrosting bodies are coming to light as a result of global warming, although so far scientists have not found any remains with a virus in them.

Source: Daily Mail, published 10 March 2014

failed to spread from human to human. All known cases were the result of bird-to-human transmission – limiting its potential as a threat. The relatively low mortality in the 2009 swine flu pandemic (beginning in Veracruz, Mexico) led to criticism of the WHO for over-hyping the risk posed by similar pathogens.

SARS has reminded authorities worldwide of the threat posed by epidemic leading them to ask whether their organisations are adequately prepared for the risk of another outbreak.

SARS-like virus claims 60th victim in Saudi Arabia

Saudi man dies of respiratory virus related to SARS bringing the number of Saudi residents infected to 145

Source: The Associated Press Posted: Feb 17, 2014

NEW THREATS

As well as SARS and Swine Flu there has been a realisation that new diseases are appearing at an increasing rate. This has been linked to the relatively easy access to travel and the globalisation of the economy.

Historically there have been serious outbreaks of Foot and Mouth disease in USA and Asia. Foot and Mouth disease has also caused serious disruption to sporting events in the UK and Europe and is considered to be a particular issue in South America. Whilst there have been no historically significant cases of Foot and Mouth in Australia and New Zealand, it is widely accepted that any serious outbreak would have devastating consequences and would cause widespread disruption.

More recently a new SARS-like virus has been described by the director-general of the United Nations' World Health Organization as "a threat to the entire world". The virus, dubbed MERS-CoV, has been seen mostly in the Middle East, with reported cases in Europe as well, and has a 50% fatality rate. Worryingly, it is not yet known how the virus is contracted.

25/39
deaths total cases

Cumulative number of confirmed human cases for avian influenza A(H5N1) reported to WHO, 2013

Source: WHO/GIP, data in HQ as of 24 January 2014 (latest available as at March 2014)

ASSESSING THE RISKS

In order to assess the risks associated with this peril the following factors need to be taken into account:

1. Financial impact of such a cancellation, abandonment etc.
2. Frequency or likelihood of occurrence.

If the circumstances described were to occur it is likely that the entire event would need to be cancelled or postponed. Given the nature of such a pandemic and the timing of the events on the schedule it is also entirely possible that more than one event would be affected.

On this basis the financial impact could be regarded as **high**.

There have been some significant historical losses as a result of cancellations, particularly following occurrences of Foot and Mouth Disease as well as previous SARS / Avian Flu / Swine Flu outbreaks. There have, however, not been any recent losses.

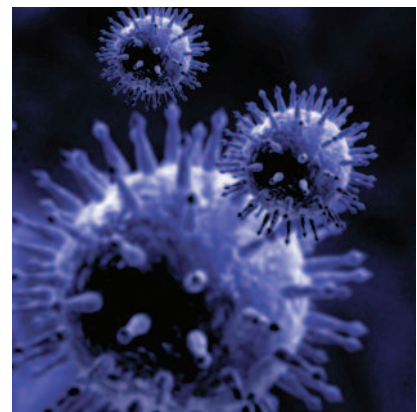
Despite this, it should be noted that there have been a number of reports of limited outbreaks of new variants of SARS in some areas.

The majority of recent SARS / Avian Flu / Swine Flu scares have emanated from Asia so any events in that area are considered a higher risk.

NEW OUTBREAK OF DEADLY FLESH-EATING EBOLA VIRUS HAS ALREADY KILLED AT LEAST 59 PEOPLE IN GUINEA

- Analysts claim Guinea has never had the disease common in Uganda
- No known cure for virus which causes internal and external bleeding
- Isolation units set up and international aid units stepping up work force.

Source: Unicef March 2014



ABOUT JLT SPECIALTY

JLT Specialty Limited provides insurance broking, risk management and claims consulting services to large and international companies.

Our success comes from focusing on sectors where we know we can make the greatest difference – using insight, intelligence and imagination to provide expert advice and robust – often unique – solutions. We build partner teams to work side-by-side with you, our network and the market to deliver responses which are carefully considered from all angles.

JLT Sport focuses on protecting the reputation and revenue of International Federations from risk by providing innovative and bespoke insurance solutions. Ours is the only team globally that has experienced and successfully dealt with catastrophes at both single and multi-sport major events. Key areas of expertise include liability risk, governance, athlete disability and revenue protection for event organisers.

RECOMMENDATIONS

At present, the rate charged for this extension is relatively low and reflects the currently perceived relatively low exposure. When this peril was causing particular concern the premium rate went as high as 5% and at one point cover was not available at all.

Should the offer to delete the extension be declined and there was a subsequent rise in the threat level then it is likely that cover would become unavailable.

You should ask yourself the following questions when considering whether to buy the extension:

- Where are your events located?
If in an area that is currently or has previously been affected, the risk should be considered as **high**.
- What is the potential financial impact to your Federation if the event is cancelled?
- Are there any recent trends or fears of outbreaks?
- Is cover is currently available and the rate charged relatively low?

We would recommend that this extension is purchased where the overall rating of the risk is **medium** to **high**, or where the potential financial impact to your Federation is **high**.

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