

Pandemic Risk Transfer as Part of Marsh's Global Supply SecureSM

The Property Specialized Risk Group (PSRG), a division of Marsh's Property Practice, offers a specific solution that can provide valuable protection for clients in need of pandemic coverage as part of their global supply chain coverage: Global Supply SecureSM (GSS).

GSS includes coverage for a World Health Organization (WHO)-declared phase 5 pandemic and a declared public health emergency by an authorized in-country governmental official that results in one or more of the following:

- a. isolation, quarantine, restraint, or detainment of the insured's supply chain;
- b. closure of manufacturing or transportation systems within the insured's supply chain;
- c. closure of country borders resulting in a disruption to the insured's supply chain; or
- d. lost productivity due to excessive employee absenteeism, illness, and/or death within an insured's supply chain.

Pandemic coverage will be subject to a separate sub-limit.

GSS is a breakthrough supply chain product designed to protect companies whose operations rely on critical supplies of goods or raw materials from named third party suppliers. It comprises a rigorous assessment of

an insured's supply chain exposures and the application of an insurance program customized, based on the assessment, to the insured's particular requirements.

Duncan Ellis, Marsh's Property Practice leader, says, "If a pandemic outbreak spreads quickly, it could have a stagnating effect on trade and consumption, derailing the global economy and affecting individual company's supply chains. A reduction or restriction in global travel impacting shipping; reduced demand for goods, services, and raw materials; and disruptions from suppliers are all potential consequences of a pandemic on a company's supply chain."

GSS provides coverage for both physical damage and certain named non-physical damage events (including pandemic) which result in an interruption in the insured's supply chain. The assessment is performed by Marsh's Supply Chain Risk Management Practice and the insurance program is underwritten by various global insurers.

Other named non-physical events covered by GSS include the following:

1. Strike, lockout, and/or work slowdown.
2. Political risk (confiscation, seizure, nationalization, import/export restrictions, government embargo, or permit revocation or failure to issue a permit).
3. Service interruption affecting the supply chain.



4. Change in ownership or control.
5. Order of civil authority with no distance or time limitation (unlike property policies, this coverage does not require physical damage).
6. Ingress/egress—no time limitation.
7. Extreme weather.
8. Government investigation of a named supplier that results in temporary or permanent closure.
9. Government ordered recall within the supply chain due to safety concerns.
10. Quarantine by governmental authority due to actual or suspected infestation or contamination of supply within supply chain.
11. Bankruptcy or insolvency of a first-tier named supplier that results in a supply chain interruption can also be included subject to underwriter agreement. (This is an extension which will be priced independently of the core GSS coverage and for which coverage will be provided by endorsement.)

Indemnity is based on a valued business interruption basis excess of an agreed waiting period. The assessment is used by the client, brokers, and underwriters

N.B.: *The above includes a summary of coverage under an insurance policy – this is not an offer of insurance, and coverage will incept as agreed with underwriters at the time of the policy being issued.*

to agree on an appropriate rate of indemnity and the waiting period.

For further information on Global Supply Secure, including coverage for pandemic events, contact a member of the Property Specialized Risk Group:

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For more information about pandemics, please contact the Marsh Pandemic Response Center at 866-9ATRISK (866-928-7475) or by email at at.risk@marsh.com

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