

# MARSH RISK CONSULTING

## BED BUGS

### MANAGING THE RISKS AND REPUTATION



#### A SERIOUS ISSUE ACROSS NORTH AMERICA

Recent headlines “‘Pervasive’ bedbug woes in U.S., survey finds” ([www.msnbc.com](http://www.msnbc.com), 1/12/2011) and “Bed bugs force Winter Games athletes to move” (The Canadian Press, 2/13/2011) highlight the historical and current issue of bed bug infestations and how they are impacting organizations and businesses throughout North America.

According to the National Pest Management Association (NPMA), bed bug infestations have risen by 71 percent over the past five years. The resurgence in bed bugs can be attributed to:

- Increased global travel, with bed bugs hitching rides on clothing and luggage;
- Use of second-hand objects (e.g. sale and exchange of used furniture and clothing); and
- Infestations going unrecognized and unreported due to shame and embarrassment of affected citizens and businesses (which only exacerbates the problem).

This resurgence has spurred the creation of ‘The Bed Bug Registry’ ([www.bedbugregistry.com](http://www.bedbugregistry.com)), a free, public database of user-submitted bed bug reports from across the United States and Canada—containing 20,000 reports covering 12,000 locations. Based on recent infestation reports, both New York and Toronto have the dubious distinction of being the bed bug capitals of North America.

Bed bug infestations are often associated where people congregate—from retail stores to five-star hotels. Bed bugs do not discriminate based on income or cleanliness and can thrive in any small cracks or crevices close to a human environment, posing a significant risk to all businesses and societal sectors. Bed bug infestations are appearing in office buildings, shopping malls, hotels, shelters, residences, airplanes, and even schools, movie theatres, and sports venues. Presently, only industrial-classified businesses are seemingly not affected.

#### HOW CAN I IDENTIFY AN INFESTATION?

Flat, oval-shaped, wingless insects, bed bugs are 4 to 7 millimetres long and are able to hide in extremely small locations because of their flattened bodies (e.g. under wallpaper, behind picture frames, in electrical outlets, filing cabinets, upholstery, carpeting, inside box springs, in mattresses, mattress pads, and night tables). They may also spread to cracks and crevices in behind baseboards, window/door casings, and mouldings.



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Bed bugs feed at night, exclusively on human blood, every 3 to 7 days (however, they can live up to a year without food). Bites on the skin are typically the first clue that there are bed bugs in an area. Black spots (signs of excretion) along mattress seams, and blood on sheets and pillows are another sign that you should hunt for them on your property.

### HOW CAN AN INFESTATION IMPACT MY BUSINESS?

Several major businesses and retailers in the U.S. and Canada (e.g. Nike, Abercrombie and Fitch, the Empire State Building, and the Time Warner headquarters) have recently had to close operations due to bed bugs. Additional North American businesses are also seeing an increase in the number of legal suits brought against them due to bed bugs. These only serve to demonstrate the potentially devastating impacts an infestation can have on a business, including:

- Reputational/brand damage;
- Loss of new business or repeat business;
- Human resources issues (e.g. physical and mental anguish of personnel involved or directly affected); and
- Legal action (e.g. a Fox News employee claiming to have been impacted by bed bugs while in the network's New York City newsroom didn't sue her employer, but did sue the building's owner, management, and associated entities for unspecified damages).

### PREVENTION, DETECTION, AND CONTROL STRATEGIES

#### I. Prevent

- Begin with a vulnerability assessment. An important first step in dealing with a potential infestation is understanding what parts of your business are most vulnerable.
- Identify and pre-qualify pest control specialists to help ensure an immediate

and effective response once an infestation is discovered within your premises.

- Training of property and facility managers (especially frontline staff) to recognize bed bugs at the first signs of an infestation.
- Sealing of cracks or crevices between baseboards, floors, and walls.
- Repairing or removing peeling wallpaper, tightening loose light switch covers, and sealing any openings where pipes, wires, or other utilities come into the establishment.

#### I. Detect

- Consult your public health department or professional pest control services to confirm an infestation.
- Conduct a thorough bi-weekly inspection of any areas where bed bugs may be hiding such as mattress seams (where applicable), behind wallpaper, in smoke detectors, carpeting and rugs, appliances, etc. (Bed bug sniffing dogs can be used for detection with costs often ranging between \$1,000 to \$5,000 for a large corporate office building.)
- If one area is infested, it is likely that the bugs have spread to surrounding areas meaning that an inspection of these areas is imperative to preventing large-scale infestations.
- Vacuum regularly and immediately dispose of any fabric vacuum bags after checking for bed bugs.

#### I. React

- Once detected, a bed bug should be collected and sent to a knowledgeable expert to confirm the identity of the specimen. The Canadian Pest Management Association is an excellent resource for provider information ([www.pestworldcanada.net/cpma](http://www.pestworldcanada.net/cpma)).

- If the existence of an infestation goes public:
  - Prepare a media statement and designate a single spokesperson for all media inquiries; and
  - Clearly state your proactive mitigation strategies.

### I. Eliminate

- Implement your action plan to deal with the infestation (e.g. pest control professionals).
- Familiarize yourself with your organization's business continuity plan as operations may need to cease while the issue is investigated.

### I. Monitor

- Allow exterminators to come back a second time as part of the pest control process.
- Cockroach type traps can be placed near bed legs, corners, or baseboards in areas where previous infestations were reported, thus alerting you to any remaining bed bugs.
- A communication structure and reporting mechanism should be used whereby frontline staff are actively engaged in post-infestation monitoring.

### AN INSURABLE EXPOSURE?

Presently, insurers are not willing to provide coverage for bed bugs as a named exposure. This said, the risk of bed bugs requires significant proactive management in order to ensure resultant losses such as business interruption, brand damage, and extra coverages are not triggered. Given the amount of proactive management that is both required and increasingly seen

within various industries, one must pose the question if an insurance policy would actually be called upon at all. The real exposure, if there is one, is the risk that an organization's operations would be shutdown for a significant period of time. Such a shutdown would no doubt result in significant revenue losses with the time required to clean-up and eradicate an identified bed bugs risk. This further highlights the requirement for proactive risk management surrounding an exposure such as this one.

### BED BUG SUMMIT RECOMMENDATIONS TORONTO, SEPTEMBER 2010

1. Public education campaign partnerships with Ontario Provincial Government on pest control including information kits for real estate owners, and an information and reporting hotline for residents.
2. Federal government involvement in establishing procedures at various border crossings to ensure that proper protocols and inspections are undertaken to stop potential bed bug importation.
3. Establish best practices determining the best methodology pest control protocol. This should result in an elimination of delays and confusion in the approval of safe chemicals to fight bed bugs.
4. Long-term sealing, caulking, and scrubbing program to be established as a possible standard for all public health agencies, in cooperation with residential housing providers.
5. Best practices for waste disposal in terms of mattresses, used furniture, clothing, etc.

## PEST CONTROL TACTICS FOR BED BUGS

The NPMA reported in July of 2010 that 95 percent of pest control companies say bed bugs are the single most difficult pest to eradicate. The best option for eradication depends on the specific circumstances where the infestation exists

Tactics can include:

### FUMIGATION

Through fumigation a large amount of pesticide is sprayed in infected areas. This can cause bed bugs to simply relocate with research also showing that they may be becoming resistant to pesticides. It is not uncommon to pay \$5,000 to \$10,000 for bed bug exterminations in small location, while prices for larger offices can hit six figures.

### A MULTI-STEP APPROACH

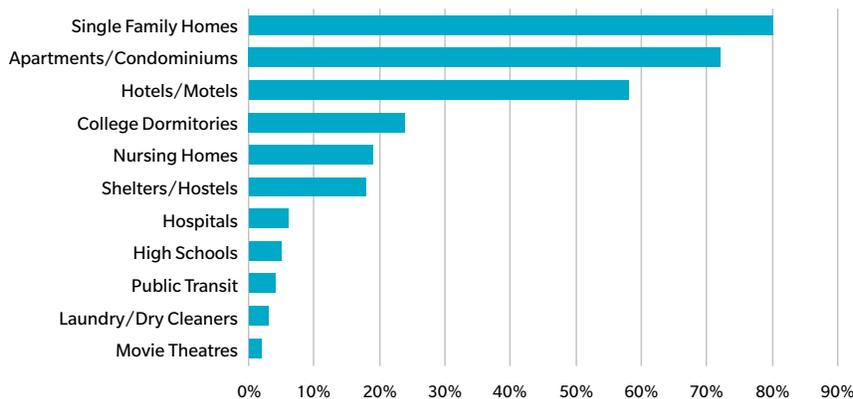
In this approach, pest control companies employ a combination of techniques including inspection, vacuuming, steaming, and use of a powdered product called diatomaceous earth (a fossilized algae). Companies generally follow-up in a few weeks to ensure the bed bugs haven't returned.

### HEAT

Bed bugs are rapidly killed when exposed to temperatures over 45 degrees Celsius, but a slow increase in heat will cause the bugs to scatter and possibly spread the infestation. For this reason, it is recommended to engage a trained pest control firm that utilizes heat lamps to perform the procedure.

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## FREQUENCY OF PEST CONTROL COMPANIES REPORTING BED BUG INFESTATIONS FOR VARIOUS PROPERTIES



Source: Survey of 509 U.S. Pest Control Firms on Properties Treated for Bed Bugs (By Potter, Romero & Haynes, University of Kentucky, 2008. "Battling Bed Bugs in the U.S.A.", from Proceedings of the Sixth International Conference on Urban Pests, 2008).

**For more information on this topic, please contact your local Marsh representative.**

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