



# Reputational Risks Solutions

## January 2019

## Schedule of Reputation Risk Solutions

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# Risk Transfer: Reputational Value Insurance

CUSTOMER	NEED STATE ADDRESSED	PRODUCT SOLUTION
<p>Public companies generally in excess of \$1billion in market cap</p>	<ul style="list-style-type: none"> <li>▶ Preemptive mitigation (signaling) and stakeholder expectation management</li> <li>▶ Consultative underwriting</li> <li>▶ Risk transfer</li> <li>▶ Going-forward risk monitoring and management</li> </ul>	<p>Parametric transfer of first party loss of reputational value. Risk financing strategy dictates attachment proximity and Loss Gate deferral. Limit break points at \$25m, \$100m, and higher. Elements:</p> <ul style="list-style-type: none"> <li>▶ Policy Form F1001</li> <li>▶ Application Form F1007</li> </ul>
<p><b>HOW PRODUCT SOLUTION WORKS</b></p>	<p>Double Trigger:</p> <ul style="list-style-type: none"> <li>▶ Failure of a scheduled business process, resulting in adverse media publicity</li> <li>▶ Parametric: A sustained 20-week drop in the named insured's Corporate Reputation Ranking (RVM%)</li> <li>▶</li> <li>▶ "functions like a warranty on governance"...offers "robust reputation protection" in a way that only an insurance product, made available on a selective basis only after a rigorous inspection, can.</li> <li>▶ Parametric approach to payment of Loss</li> </ul>	
<p><b>INSURANCE LINES OF BUSINESS INVOLVED</b></p>	<ul style="list-style-type: none"> <li>▶ Full risk transfer</li> <li>▶ May be paired with D&amp;O liability cover (other vendors)</li> <li>▶ May be paired with Steel City Re D&amp;O culpability coverage ("Side R")</li> <li>▶ May be paired with captives</li> <li>▶ May be fronted</li> <li>▶ May be integrated into governance, compliance, capital, and marketing strategies</li> </ul>	

# Risk Transfer: Reputation Liability Insurance

CUSTOMER	NEED STATE ADDRESSED	PRODUCT SOLUTION
<p>Public companies exposed to vendor behavior</p>	<ul style="list-style-type: none"> <li>▶ Reputation damage risk to a customer firm by a vendor</li> <li>▶ Consultative underwriting</li> <li>▶ Risk transfer</li> </ul>	<p>Reputation liability insurance. Limit break points at \$25m, \$100m, and higher. Elements:</p> <ul style="list-style-type: none"> <li>▶ Policy Forms F1101 and F1102</li> <li>▶ Application Form F1007</li> </ul>
<p><b>HOW PRODUCT SOLUTION WORKS</b></p>	<p>Reputation liability insurance, like Errors and Omissions insurances reduces the risks and covers the reputational losses arising from professional advice and solutions from vendors. Vendors indemnify customers for parametric reputation value loss; Steel City Re reinsures the vendor. The net effect is that Steel City Re indemnifies a third party (customer firm) for reputation damage by a vendor. Reinsurance exclusions mitigate intentional acts of reputation harm.</p> <p>Purchase of this product by the supply chain or business network participants is mandated by the Iconic company.</p> <p>Double Trigger:</p> <ul style="list-style-type: none"> <li>▶ Failure of a scheduled business process, resulting in adverse media publicity.</li> <li>▶ Parametric: A sustained 20-week drop in the named insured's Corporate Reputation Ranking (RVM%)</li> </ul>	
<p><b>INSURANCE LINES OF BUSINESS INVOLVED</b></p>	<p>Standard Errors &amp; Omissions/Indemnity insurance with manuscript endorsement</p> <ul style="list-style-type: none"> <li>▶ Coverage mirrors Supplier/Vendor Agreement requirements which are incorporated into the manuscript endorsement</li> <li>▶ May be paired with Reputation Value Insurance</li> <li>▶ May be paired with captives</li> <li>▶ May be integrated into compliance, social responsibility, and marketing strategies</li> </ul>	

# Risk Transfer: D&O Culpability (Side R)

CUSTOMER	NEED STATE ADDRESSED	PRODUCT SOLUTION
<p>Directors and officers of large public companies.</p>	<ul style="list-style-type: none"> <li>▶ Preemptive exculpation of leadership in the court of public opinion</li> <li>▶ Consultative underwriting</li> <li>▶ Risk transfer</li> </ul>	<p>Transfer of first party loss of reputational value. Limit break points at ~\$25m per board. Elements:</p> <ul style="list-style-type: none"> <li>▶ Policy Form F1001</li> <li>▶ Application Form F1007</li> </ul>
<p><b>HOW PRODUCT SOLUTION WORKS</b></p>	<p>Indemnifies indirectly directors or officers who by virtue of the authority of their office, are duty bound to resign in the midst of a reputational crisis. Company/employer indemnifies directors and officers for parametric reputation value loss; Steel City Re reinsures the Company/employer. The net effect is that Steel City Re indemnifies an officer or director for losses following reputation damage to their Company/employer. Reinsurance exclusions mitigate intentional acts of reputation harm.</p> <p>Purchase of this product by the employer. The executive is the Named Insured.</p> <p>Double Trigger:</p> <ul style="list-style-type: none"> <li>▶ Failure of a scheduled business process, resulting in adverse media publicity.</li> <li>▶ Parametric: A sustained 20-week drop in the named insured's Corporate Reputation Ranking (RVM%)</li> </ul>	
<p><b>INSURANCE LINES OF BUSINESS INVOLVED</b></p>	<p>Standard Directors and Officers insurance with special endorsement or bespoke policy</p> <ul style="list-style-type: none"> <li>▶ May be paired with Reputation Value Insurance</li> <li>▶ May be paired with captives</li> <li>▶ May be integrated into governance, compliance, human resources, and marketing strategies</li> </ul>	

# Risk Financing: Captive Pricing and Underwriting

CUSTOMER	NEED STATE ADDRESSED	PRODUCT SOLUTION
<p>Insurance captive, not otherwise specified</p>	<ul style="list-style-type: none"> <li>▶ Regulator-ready documentation</li> <li>▶ Consultative underwriting</li> <li>▶ Capital-efficient risk financing</li> <li>▶ Working-level loss protection</li> </ul>	<p>Bespoke pricing and underwriting support based on either 3rd-party parametric triggers (Steel City Re's reputational value metrics) or 1st party revenue metrics.</p>
<p><b>HOW PRODUCT SOLUTION WORKS</b></p>	<p>Reputational Value Insurance solution form with either more proximate RVM triggers or equivalent revenue triggers.</p> <p>RVM Double Trigger (in parts):</p> <ul style="list-style-type: none"> <li>▶ Failure of a scheduled business process, resulting in adverse media publicity.</li> <li>▶ Parametric: A sustained 20-week drop in the named insured's Corporate Reputation Ranking (RVM%)</li> </ul> <p>Revenue Double Trigger (in parts):</p> <ul style="list-style-type: none"> <li>▶ Failure of a scheduled business process of the parent, resulting in adverse media publicity for the Iconic company</li> <li>▶ A sustained drop in the parent's revenue</li> </ul>	
<p><b>INSURANCE LINES OF BUSINESS INVOLVED</b></p>	<ul style="list-style-type: none"> <li>▶ Captive may be reinsured with RVI if public</li> <li>▶ May be paired with D&amp;O liability cover (other vendors)</li> <li>▶ May be paired with Steel City Re D&amp;O culpability coverage ("Side R")</li> <li>▶ May be paired with Reputational Liability Insurance</li> </ul>	

# Risk Transfer: Reputation Catastrophe Insurance

CUSTOMER	NEED STATE ADDRESSED	PRODUCT SOLUTION
<p>Systemically important financial institutions</p>	<p>Catastrophic loss of material enterprise value arising from reputational loss Office of the Comptroller of the Currency-mandated risk solution to mitigate stakeholder-driven liquidity crisis</p>	<p>Expressive and instrumental solution for liquidity protection, parametrically triggered:</p> <ul style="list-style-type: none"> <li>▶ released at high enough capital level while the issuer remains fully viable, but not triggered in a mild downturn.</li> <li>▶ independent of standard capital ratio and other standard market metrics</li> <li>▶ independent of regulators</li> <li>▶ claws back principal if, and only when stresses recede</li> </ul>
<p><b>HOW PRODUCT SOLUTION WORKS</b></p>	<p>Double Trigger:</p> <ul style="list-style-type: none"> <li>▶ Failure of a scheduled business process—e.g., risk management—resulting in adverse media publicity</li> <li>▶ A sudden and material drop over 3 and 6 weeks in the named insured’s Reputational Value Metrics</li> <li>▶ Payouts of 50% each at 3 and 6 weeks if trigger thresholds—eg., 3 and 6 sigma decline—met</li> <li>▶ Principal clawback by bond holders parametrically-evident improvements</li> </ul>	
<p><b>INSURANCE LINES OF BUSINESS INVOLVED</b></p>	<p>Modeled on other Cat-Risk insurances</p> <p>Notes:</p> <ul style="list-style-type: none"> <li>▶ Mandates RVM monitoring</li> </ul>	

# Risk Management: Advisory Services

CUSTOMER	NEED STATE ADDRESSED	PRODUCT SOLUTION
<p>Primarily larger public companies, health care companies, and academic institutions</p>	<p>Enterprise risk management</p>	<p>10K Item 1A-focused review of reputation risk arising from operational failures; risk mitigation strategies, and risk management plans. Elements:</p> <ul style="list-style-type: none"> <li>▶ F3404 Engagement Description</li> </ul>
<p><b>HOW PRODUCT SOLUTION WORKS</b></p>	<p>Forewarned is forearmed. Emphasis on:</p> <ul style="list-style-type: none"> <li>▶ risk factors for reputation risk (policies, governance apparatus, ERM apparatus)</li> <li>▶ stakeholder-centered operational vulnerabilities</li> <li>▶ signs and symptoms of emerging reputation risk</li> <li>▶ instrumental and expressive risk mitigation strategies</li> <li>▶</li> </ul>	
<p><b>INSURANCE LINES OF BUSINESS INVOLVED</b></p>		<ul style="list-style-type: none"> <li>▶ Complements the expressive value of all risk transfer solutions</li> <li>▶ Provides enhanced regulatory resilience for all risk financing strategies</li> </ul>



# Risk Management: Surveillance Products

CUSTOMER	NEED STATE ADDRESSED	PRODUCT SOLUTION
<p>Professional service firms in the fields of management, communications, risk and law</p>	<p>Management metrics and benchmarking tools</p>	<p>Quantitative reputation metrics graphically represented as bar charts, time series charts, and two-variable flag graphs. Elements:</p> <ul style="list-style-type: none"> <li>▶ F8006 RVM% Tracking</li> </ul>
<p><b>HOW PRODUCT SOLUTION WORKS</b></p>	<p>OEM distribution of reputation metrics through professional service firms</p> <ul style="list-style-type: none"> <li>▶ Product provides professional service firm with a competitive differentiator and unique products</li> <li>▶ Helps professional service firm position the value proposition of quantitative reputation management</li> </ul>	
<p><b>INSURANCE LINES OF BUSINESS INVOLVED</b></p>	<p>Indirectly supports all lines</p>	



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