



STEEL CITY RE

Forging Reputation Resilience

Reputational Risks Solutions

April 2018



Schedule of Reputation Risk Solutions

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Risk Transfer: Reputational Value Insurance

CUSTOMER	NEED STATE ADDRESSED	PRODUCT SOLUTION
Public companies generally in excess of \$1billion in market cap	<ul style="list-style-type: none">▶ Preemptive mitigation (signaling) and stakeholder expectation management▶ Consultative underwriting▶ Risk transfer▶ Going-forward risk monitoring and management	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.
HOW PRODUCT SOLUTION WORKS	Triple Trigger: <ul style="list-style-type: none">▶ Failure of a scheduled business process, resulting in adverse media publicity▶ Parametric: A sustained 20-week drop in the named insured's Reputational Value Metrics▶ Parametric: A net 1% drop in the Corporate Reputation Ranking <ul style="list-style-type: none">▶ "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.▶ Parametric approach to payment of Loss	
INSURANCE LINES OF BUSINESS INVOLVED	<ul style="list-style-type: none">▶ Full risk transfer▶ May be paired with D&O liability cover (other vendors)▶ May be paired with Steel City Re D&O culpability coverage ("Side R")▶ May be paired with captives▶ May be fronted	



Risk Transfer: Vendor Integrity Insurance

CUSTOMER	NEED STATE ADDRESSED	PRODUCT SOLUTION
<p>Public companies exposed to vendor behavior</p>	<ul style="list-style-type: none">▶ Foster vendor conformance to customer's behavioral norm▶ Preemptive mitigation (signaling) and stakeholder expectation management▶ Consultative underwriting▶ Risk transfer	<p>Fosters conformance with iconic firm's operational standards and protects its reputation by providing operational control and visibility into the supply chain or business network. Limit break points at \$25m, \$100m, and higher.</p>
<p>HOW PRODUCT SOLUTION WORKS</p>	<p>Provides transparent incentives and disincentives that foster conformance with reputation risk management Stakeholders see benefit from the evidence and certification</p> <p>Purchase of this product by the supply chain or business network participants is mandated by the Iconic company. The Vendor is the Named Insured. Product is fronted</p> <p>Triple Trigger (in parts):</p> <ul style="list-style-type: none">▶ Failure of a scheduled business process of the Supplier, resulting in adverse media publicity for the Iconic company▶ A sustained drop in the Iconic firm's Reputational Value Metrics▶ A 1% drop in the Corporate Reputation Ranking of the Iconic firm	
<p>INSURANCE LINES OF BUSINESS INVOLVED</p>	<p>Standard Errors & Omissions/Indemnity insurance with manuscript endorsement</p> <ul style="list-style-type: none">▶ Coverage mirrors Supplier/Vendor Agreement requirements which are incorporated into the manuscript endorsement▶ May be paired with Reputation Value Insurance▶ May be paired with captives	



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"> ▶ Preemptive exculpation of leadership in the court of public opinion ▶ Consultative underwriting ▶ Risk transfer 	<p>Transfer of first party loss of reputational value. Limit break points at ~\$25m per board.</p>
<p>HOW PRODUCT SOLUTION WORKS</p>	<p>Signals to potential directors potential indemnification from social media-fostered harm Signals to other stakeholders the value of superior ERM in director recruitment and retention</p> <p>Purchase of this product by the employer. The executive is the Named Insured. Product is fronted</p> <p>Triple Trigger (in parts):</p> <ul style="list-style-type: none"> ▶ Failure of a scheduled business process of the employer, resulting in adverse media publicity for the Iconic company ▶ A sustained drop in the employer’s Reputational Value Metrics ▶ A 1% drop in the employer’s Corporate Reputation Ranking <ul style="list-style-type: none"> ▶ “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. ▶ Parametric approach to payment of Loss 	
<p>INSURANCE LINES OF BUSINESS INVOLVED</p>	<p>Standard Directors and Officers insurance with special endorsement or bespoke policy</p> <ul style="list-style-type: none"> ▶ May be fronted ▶ May be paired with Reputation Value Insurance ▶ May be paired with captives 	



Risk Financing: Captive Pricing and Underwriting

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



Risk Transfer: Reputation Catastrophe Insurance

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



Risk Management: Advisory Services

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



Risk Management: Surveillance Products

CUSTOMER	NEED STATE ADDRESSED	PRODUCT SOLUTION
Professional service firms in the fields of management, communications, risk and law	Management metrics and benchmarking tools	Quantitative reputation metrics graphically represented as bar charts, time series charts, and two-variable flag graphs.
HOW PRODUCT SOLUTION WORKS	OEM distribution of reputation metrics through professional service firms ‣Product provides professional service firm with a competitive differentiator and unique products ‣Helps professional service firm position the value proposition of quantitative reputation management	
INSURANCE LINES OF BUSINESS INVOLVED	Indirectly supports all lines	



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