

## Reputational risk insurance Covering financial loss

In our media-driven society, it is fairly common to see the actions of companies and individuals unfairly focused upon and often misconstrued. This focus can lead to harmful reputational damage for the parties involved. As a consequence, sales can drop significantly, which causes severe liquidity problems. Investors and analysts notice this and judge accordingly – with even more impact on the balance sheet.



Whilst traditional insurance policies do not offer protection, Munich Re F&C (Facultative & Corporate) has designed a risk-transfer solution for financial loss arising out of a reputational risk event. Recognising the need for our clients to transfer the risk associated with reputational damage away from their balance sheets, our passion is to offer adequate solutions.

### **In a nutshell**

If the worst comes to the worst

- sales drop,
- competitors exploit the situation,
- market share comes under fire,
- liquidity is lacking, but desperately needed,
- and, if at all, is provided by banks/investors at higher rates, which harm rather than help your situation.

Our solution provides sufficient liquidity when you really need it. As the last missing piece in your reputational risk management, it will help you weather critical situations and protect the future of your enterprise.

### **Outline of our reputational risk cover**

Protecting you against severe financial losses

#### **1. Your situation**

- You are active in a competitive (global) environment
- Your company is subject to 24/7 media and consumer attention

#### **2. Your motivation**

- Your success depends essentially on your brand name and reputation
- You want to protect your balance sheet in case of a reputational event

### 3. Our solution

As a reputational crisis can be the consequence of an incident in almost any part of the company, our insurance solution provides cover for any business or client related activity of your company. It even covers allegations.

- First trigger: An incident affecting your company's reputation occurs
- Second trigger: The media pick up the issue and report negatively about your company
- Third trigger: Your turnover/revenue drops significantly

Our solution allows for the flexibility required to meet your individual needs.

### 4. Indemnification for financial loss due to a reputational risk event

- Your turnover/revenue drops significantly
- A loss adjuster determines which part of the reduction in turnover/revenue is attributable to the reputational event (by excluding other factors that might have impacted your turnover/revenue at the same time, like an economic crisis)
- The drop in profit is determined by applying your gross profit margin to the reduction in turnover/revenue

We indemnify financial loss on the basis of your drop in profit and the loss adjuster result.

### 5. The cover can be customised to meet your individual needs

- The scope of cover can be individually specified
- The timeline to measure the drop in profit can be agreed upon individually
- Further customisation is possible to best cover your specific situation

**Please contact us to discuss your needs. We look forward to talking with you and finding a solution tailored to your requirements.**

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