



Airmic Live 2021

Digital Event Series

Reputation risk – a new perspective

Risk and executive functions in organisations are under increasing pressure from stakeholders to protect their business from adverse reputational events and to be able to properly articulate strategy in this area

www.airmic.com

3 March 2021

Today we will explore:

- Why reputation risk is high on the corporate agenda
- Findings from Willis Towers Watson's global reputational risk survey
- Factors driving the changing risk landscape
- Steps organisations can take to manage and mitigate the risk
- A brief overview of Willis Towers Watson's new technology-inclusive solution, built in partnership with Polecat and Liberty Specialty Markets, combining AI-powered data analytics, consultancy and insurance risk transfer in one place



Our explorers:

Tom King: WTW

Tom Rowley: WTW

Lewis Edwards: Liberty Specialty Markets

Parule Amin: Polecat

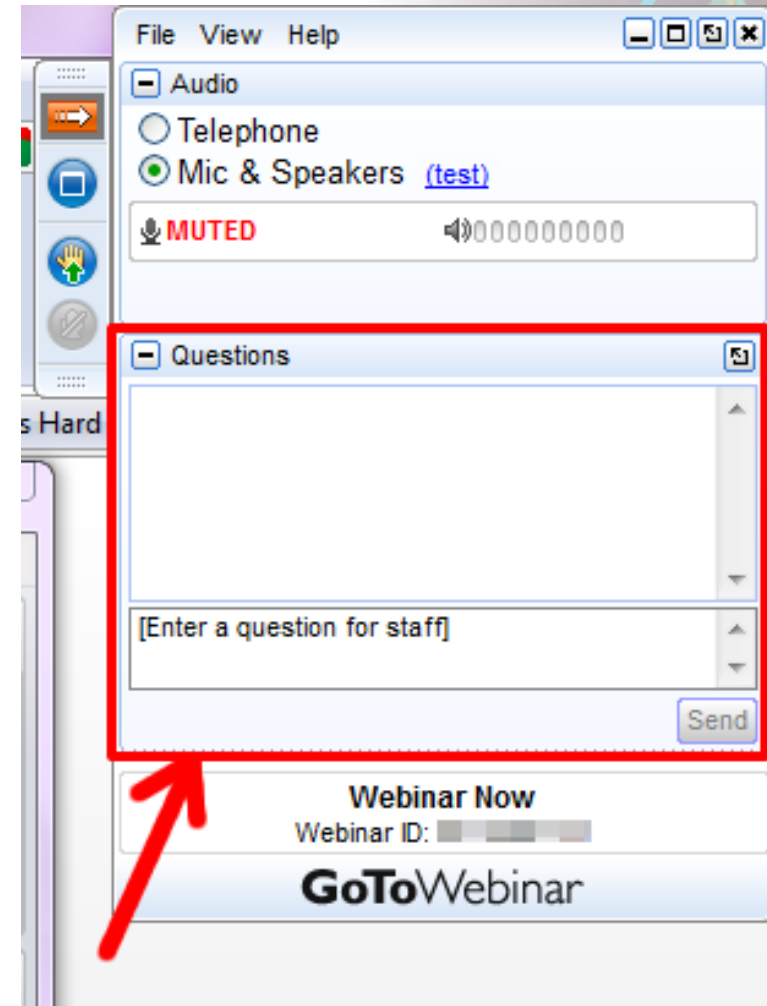
Rob Straw: Polecat

After this session you will be able to:

1. Identify your organisation's reputational risk exposures and the potential impact
2. Explain the steps to managing reputational risk and minimising damage to your company's brand
3. Appreciate why the holistic management of emerging risks like fake news, social engineering and perception manipulation will be critical to maintaining value
4. Improve your awareness of integrated reputation risk management solutions.

How to ask questions

Use the questions tab on your GoToWebinar control panel



Reputation Risk Management

A New Perspective

Airmic Live Webinar

Wednesday 3 March 2021



Key Talking Points

Problems surrounding reputation

A changing world; a new risk landscape

Our risk management solution

Polecat demonstration

Q&A

This webinar offers a general overview of its subject matter. Every organisation is different, so before taking any action please seek advice from an appropriate professional such as your broker or risk advisor. All views expressed by our speakers are those of the individuals.

Why is this topic high on the agenda?



Proliferation of **social media**.

Wider **public mistrust** and increased **media democracy**.

Demographic shift: millennials, generation Z.

Big data combined with **Artificial Intelligence** are capable of producing previously unseen risk and business insights.

Geopolitical tension and **state-sponsored media manipulation**; the 'global rules-based order' in place since WW2 is under threat.

Trade protectionist policies and more **aggressive regulation** are becoming prevalent.

Many companies are in dangerous territory



The majority of company values are based upon
Intangible Assets
– a reversal of 20-30 years ago

(2019 Thomson Reuters/Interbrand study)

In a survey by the World Economic Forum and Fleishman Hillard,
“**3/5** of chief executives said they believed corporate brand and
reputation represented more than **40%** of their company’s
market capitalization.”

(Source: Siegel+Gale, March 2020)



Reputation linked losses at
public companies have
increased by

461%

2011 to
2016

(Source: 'Reputation Risk Explosion', Steel City Re, December 2016)

30%

The **Economist** reported data assessing the
power of brand value and brand valuation, asserting,
“Brands account for more than 30% of the stock market
value of companies in the S&P 500 index.”

(Source: Siegel+Gale, March 2020)

Public losing trust in business:

Only
1 in 3
agree



that they trust the brands
they buy or use

Source: 2019 Edelman Trust Barometer

Despite all this

The number of Companies
buying specialised insurance
coverage remains very low:

3%

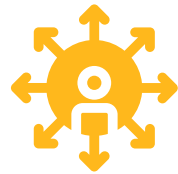
Source: Airmic, 2015

WTW Global Rep Crisis Survey Results

Key findings from 2020 survey



72% report that risk management teams have at least some responsibility for the monitoring, measuring or management of reputational risk.



66% said that reputational risk is reported at board level within their organisation.



86% said reputational risks could result in loss of income and weakened human capital.



51% reported challenges in accessing reliable data to help measure and monitor reputational risk.



99% agree it would be helpful to have access to a platform that allows reputation perils monitoring in real time and impact scores.

Reputational Risk: Key considerations

Identification & Quantification



- How important is reputation to our business model?
- What would a reputational crisis look like for us?
- What are the financial implications of a crisis event?

“When it comes to protecting reputation and brand, organisations often struggle to precisely quantify what their reputation is worth”

Protecting intangible assets: Preparing for a new reality; *Lloyds of London*, 2020

Monitoring & Control



- How do we monitor public perception of our reputation?
- What procedures do we already have in place in the event of a crisis?

“Real-time measurement and alerting are also becoming vital for companies to ward off potential risks to their reputation.”

Airmic Top Risks and Megatrends 2020

Mitigation



- What measures can we take to minimise the likelihood and impact of a reputational crisis?
- What solutions are available to address the balance sheet risk?

“Even with great internal risk management in place, there might be aspects of reputational risks for which risk professionals may still want to seek insurance cover.”

Airmic Top Risks and Megatrends 2020

Reputational crisis insurance – 5 key client benefits



Perils and policy details:

9 triggers/named perils to choose from – (anticipated an Insured chooses between 1-2 coverages)



Sale of Harmful Products



Disease Outbreak



Bodily Injury



Employee Abuse



Customer Abuse & Discrimination



Animal Abuse



Disgrace of Celebrity Endorser




Abduction or Abuse




Active Assailant

Policy Indemnity	Policy Limits & Sub-Limits
Business Interruption:	Up to USD 50,000,000 each loss (or currency equivalent)
Crisis Communications Costs:	10% of Aggregate Limit of Liability, each loss
Brand Rehabilitation Costs:	10% of Aggregate Limit of Liability, each loss
Interim Claims Payment:	Agreed percentage of loss (20-30% of Aggregate Limit of Liability, each loss)
Claims Preparation Costs	USD 100,000 each loss or series of losses arising from the same continuous, repeated or related circumstance.

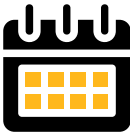
Key Considerations




6 / 9 / 12 Month Indemnity Period



Cyber Excluded



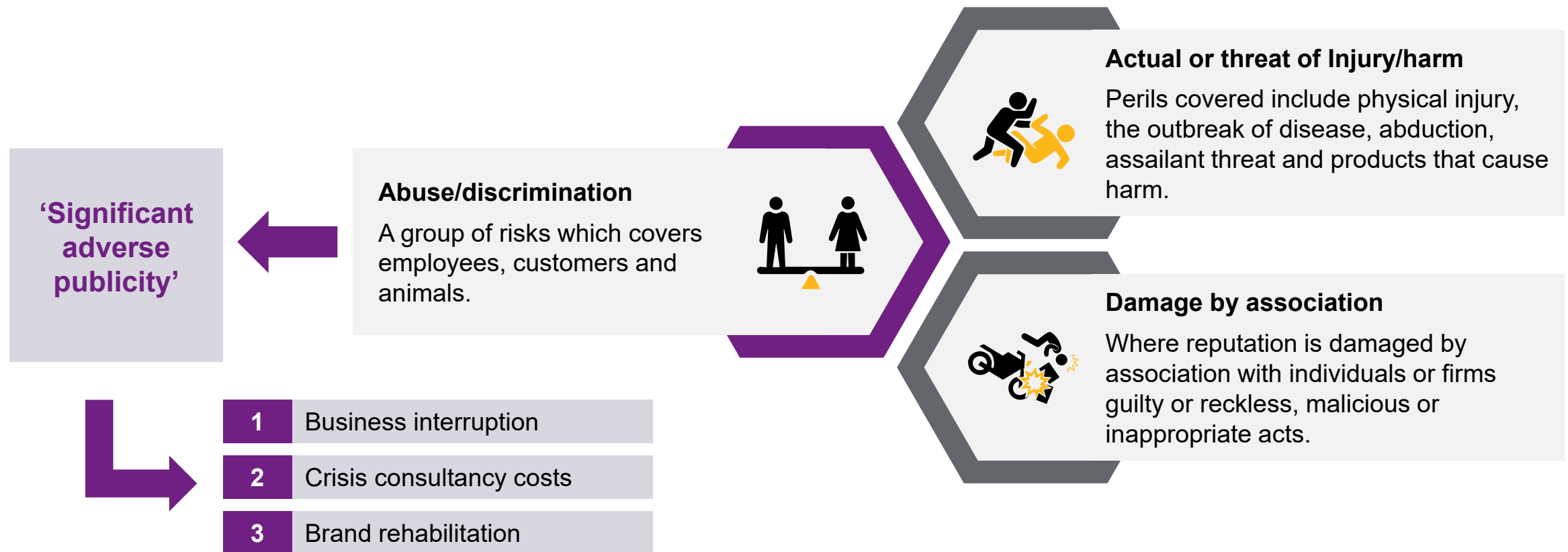
Retroactive Date Limitation for pre-existing but undiscovered factors



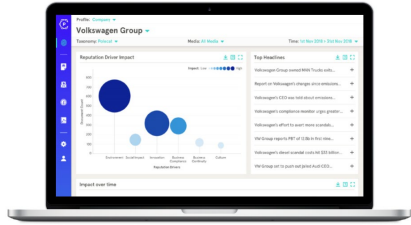
Retention based on % of estimated gross profit per calendar month during indemnity period

Insurance risk transfer: how does it work?

- The insurance risk transfer element of the offering operates on a 'named perils' basis.
- These are tangible, identifiable events that are notified during the policy period (subject to retroactive occurrence conditions), and that create a reputational crisis.



Our advanced analytics partner: Polecat Intelligence



Leading Technology company helping the world's largest organisations manage their reputation through a combination of advanced data analytics and human expertise in real time.

Polecat's online platform provides high level exec-ready intelligence on key drivers of corporate reputation

The platform interrogates some 8 million online sources every day, including All Tier 1 media globally, and some 30 million or more social media posts.

WTW Reputational Crisis Dashboard monitors all 9 triggers / named perils

1. Polecat elevate Corporate Reputation performance with robust real-time data and actionable intelligence.
2. Polecat are scanning the horizon and the millions of conversations happening at any one time.
3. Polecat harness market-leading algorithms and human expertise to give you 360° visibility on everything influencing your customers, competitors and investors.
4. Our customizable dashboards and board-ready reports are geared for strategic decision making. Clearly highlighting industry spanning trends to company level insights, they combine top-level clarity with drill-down precision.

“top-level clarity with drill-down precision”

About Willis Towers Watson

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has 45,000 employees serving more than 140 countries and markets. We design and deliver solutions that manage risk, optimize benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas – the dynamic formula that drives business performance. Together, we unlock potential. Learn more at willistowerswatson.com.

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About Liberty Specialty Markets

Liberty Specialty Markets offers specialty and commercial insurance and reinsurance products across key UK, European, Middle East, US, Bermuda, Asia Pacific & Latin America markets. We provide brokers and insureds with a broad product range through both the Company and Lloyd's markets and have approximately 1,900 employees in approximately 60 offices. For more information, visit libertyspecialtymarkets.com

About Polecat Intelligence

Polecat Intelligence is a leading technology company that equips the world's largest companies with the tools to manage, influence and optimise their corporate reputation. Polecat is a leader in risk and reputation intelligence delivering the industry, competitor and influencer insight that organisations need to make better decisions and ensure they are in control of their future.

Polecat takes open source data published online to bring together critical components of conversation, both good and bad, for the appraisal and management of risks affecting corporate reputation. Polecat's primary solution, RepVault, visualizes this data so customers can see what is important to their business on-demand and in real-time, allowing for rapid benchmarking of their reputation profile and performance against competitors and peers. For more information, visit www.polecat.com

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Coming up

13th May – Technology Forum

Technology
Forum



8th July – fastTrack Forum



4th – 6th October – Annual conference, Brighton