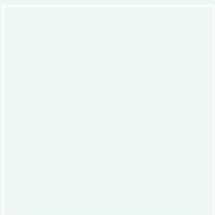
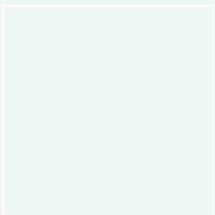
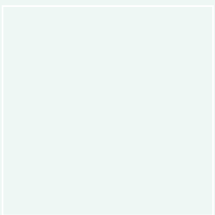
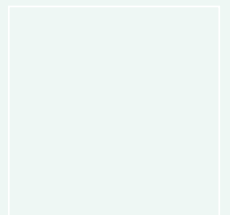
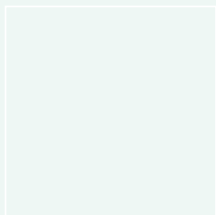
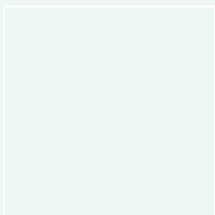
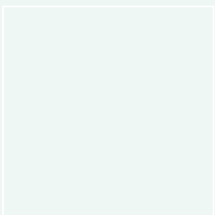
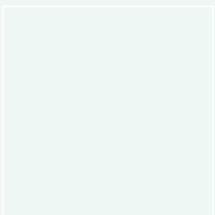
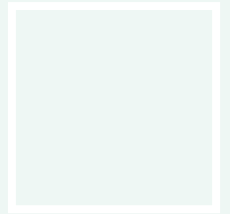
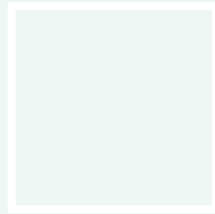
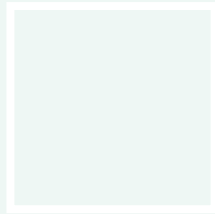
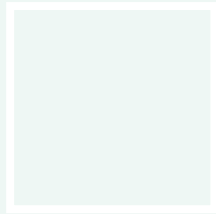




# Kiln 4Front

Adverse Reputation Insurance



## Adverse Reputation Insurance

Kiln 4Front provides a revolutionary risk transfer solution and balance sheet protection for the expected revenue that could be lost following adverse media reports that impact the reputation of the company.



### The reality of adverse publicity

In recent years there has been a sudden and apparent realisation of the complexity and fragility of corporate reputation, and the issue now features at the forefront of the commercial mind. The media and general public have become all the more unforgiving of errors or misfortunes of businesses in all areas of commerce, and the effects can be dramatic.

Issues such as corporate behaviour and faulty or recalled products have made recent headlines. The effects of a resulting fractured reputation brings more than simply short-term financial damage, jeopardizing relationships with all customers, partners and financial institutions. It comes as no surprise to hear that independent surveys conducted within the industry highlight that loss of reputation is consistently topping the charts as the perceived greatest risk facing business.

Reputation is the firm's single most important asset.

### Financial security after loss of reputation

Though the growth in Risk and Crisis Management continues, even the most reputation-risk-savvy companies are not immune from certain events or accusations that devalue the company in the eyes of its stakeholders.

Although good practice remains to manage reputation risk, there is often an unidentifiable or at least unquantifiable exposure that can strike at any time. Risk transfer is an obvious and appropriate method of protection from this menace that need not be retained by the business.

4Front from Kiln provides a unique response to those wanting an insurance product to provide financial security after a reputation loss. It protects the revenue streams of a policy holder's products against potential impairment or destruction resulting from the defined loss events. As a first party policy, it does not provide indemnification to third parties but aims to aid in the transitional period of recovery following a reputation loss.

**“Loss of reputation is consistently topping the charts as the greatest perceived risk facing business.”**

Although the effects of a loss of reputation could prove to threaten the mid or long-term success of the business (or even prove fatal), most companies will find that the immediate aftermath of an event will provide severe cash shortages as revenues are instantly affected.

A disaster recovery plan, if there is one in place, is also unlikely to guarantee any immediate effect upon this loss of expected revenue. For the business to continue it is likely to require immediate funding for short-term debts and liabilities and to re-direct the company's business or initiate a contingency plan following the loss of reputation.

### **First party revenue protection**

At Kiln we realise there has been little response to pleas from industry that the insurance market addresses this all too apparent risk. Traditional business interruption or product liability/recall policies do not typically provide first party revenue protection following a loss event. Kiln 4Front grants cover in the event that an adverse media report damages the policy holder's ability to exploit their products and associated brands. The policy can be tailored to match the concerns and loss events that each individual business might fear, but it could include media reports to the effect that:

- The policy holder's product or service has caused, or is likely to cause, accidental bodily injury or death or accidental damage to property

- The policy holder has recalled its product from wholesalers, retailers or customers, or has recalled it for reasons of safety
- The policy holder has received a threat that its product, is or will be, the subject of actual, intentional, malicious and illegal alteration or tampering
- The policy holder operates its business in a way which is incompatible with its corporate image
- The policy holder or any employee acting in his/her capacity has made or endorsed any incorrect or misleading representations about a product or service
- Any employee has committed any criminal act or any offence against public taste or decency.

There is no requirement that a policy holder should obtain blanket coverage, and it may be that a certain product or lines of products would benefit from coverage where they are of critical financial and strategic value to the company.

The policy operates on a claims-made basis, and so, requires a yearly premium. The nature of loss events and the intention to provide support to expected revenue streams, however, means that coverage will typically be for up to two years of anticipated income or net profit.

It is also possible to provide a three-year time period from the date of claim, with the two years of revenue stream recovery being the two highest anticipated years of income. However, reputation threats are often best suited to a shorter indemnity period following a loss due to the catastrophic nature of such events and the resulting reaction from the press and stakeholders.

### **A policy to suit your requirements**

We are prepared to issue policies on different bases to suit the particular requirements of a business. For instance, a policy holder may, in certain circumstances, choose implementation of a radical contingency plan post-loss is preferable and the policy would underwrite the potential costs of implementing the plan.

Before offering coverage to a policy holder, our accountants will study anticipated future revenues, and we may also get advice from external consultants as to the likely stakeholder response to negative press and the ability of the policy holder to mitigate this through crisis response planning.

There will then be an agreement with the policy holder on reasonable future projections. These values will be expressed in terms of the anticipated levels of income and net profit to be derived from sales within the period of indemnity, together with an anticipated timescale for such figures.

These would provide the basis for a comparison of actual revenues received should there be a loss event.

### **Further information**

For further information on how Kiln 4Front can protect the revenue from your products in the aftermath of an adverse media report contact your broker or:

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Alternatively please visit our websites  
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[www.kilngroup.com](http://www.kilngroup.com)





Kiln is an international insurance and reinsurance underwriting group with a portfolio of specialist risks. Since 1962, Kiln has built its business on the strength of its underwriting and its relationships.

Kiln plc is listed on the London Stock Exchange. Its operating subsidiary, R J Kiln & Co Limited, plans to have over £1 billion of capacity under management for the 2007 year of account, making it one of the largest agencies trading in the Lloyd's of London insurance market.

A recognised leader in each of the five main business areas in which it operates: reinsurance, accident and health, aviation, marine and special risks, and property, Kiln syndicates enjoy a security rating of 'A' (Strong) assigned to Lloyd's by Standard and Poor's.



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