

Case Study Reputational Risk Management

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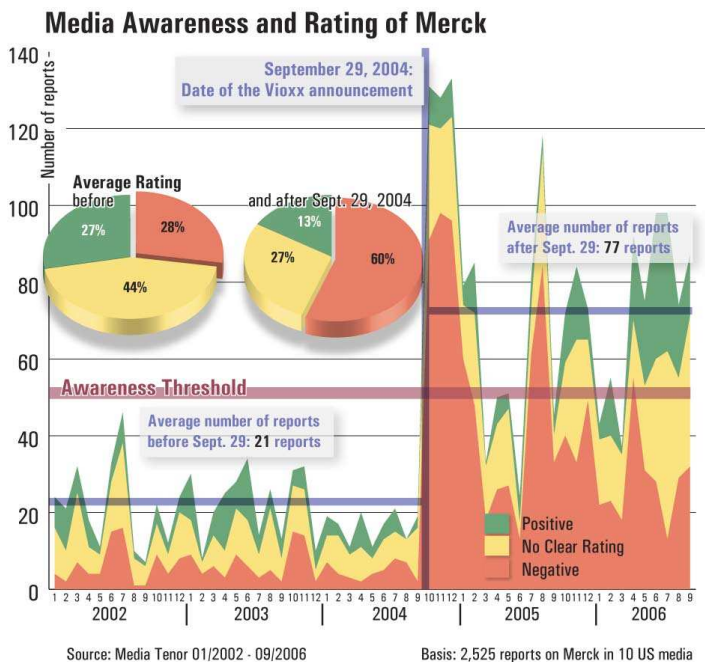
Reputational risk management needs to respond to new challenges:

- (1) Rising demands from various Allianz stakeholders
e.g. “Karma Capitalism”
 - Customers demand
 - ‘ethical’ products

- (2) Increased global transparency of behavior
“The World is flat” - Higher exposure to stakeholders

- (3) Broader use of the Allianz brand worldwide
spill-over-effect

 Example: Impact of negative news on a company’s image – Merck & Co. / Vioxx (U.S. media).



Reputation is not just shaped by bad news but also by communication. Regarding Merck Co., the firm lost trust due to the communication in the Vioxx scandal as suitors said that “Merck tried to distort each negative disclosure about Vioxx” (WSJ 09/18/07).

How does Allianz act?

Allianz in the course of developing a holistic approach

Core elements:

(1) Minimum Standards

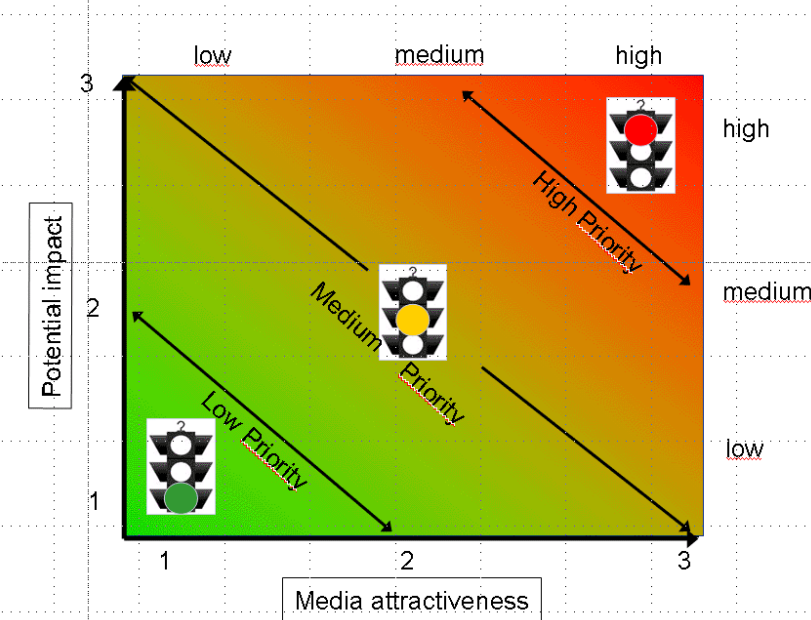
Reputational Risk Management
for subsidiaries

(2) Identification of Sensitive Areas
and definition of risk appetite via Directives

(3) Responsibilities and Processes for Management of Reputational
Risks at Holding Level

An approach for Group-wide reputational risk management has been
developed, which is implemented via policies and directives

How do we suggest to prioritize a Reputational Risk?



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