Reputational Risk Management in the German Insurance Industry



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Reputation, Reputationsrisikomanagement, Versicherungswirtschaft, Solvency II, ORSA Prozess, Risikomanagement

Reputation, Risk Management, Reputational Risk Management, Insurance, Solvency II, ORSA

Der vorliegende Beitrag untersucht vor dem Hintergrund der EU-Richtlinie Solvency II und dem damit implementierten ORSA-Prozess den Status quo der Umsetzung des Managements und Controllings von Reputationsrisiken in ausgewählten deutschen Versicherungsunternehmen. Angesichts der Neuartigkeit und Komplexität des Themas sowie der daraus resultierenden unzureichenden Betrachtung in der Fachliteratur werden Interviews mit Experten aus der Versicherungsbranche geführt und diese mithilfe der qualitativen Inhaltsanalyse nach Mayring ausgewertet. Die Untersuchung zeigt, dass die Umsetzung des Reputationsrisikomanagements unterschiedliche Reifegrade aufweist. Eine Vielzahl der befragten Versicherungsunternehmen besitzt einen deutlichen Nachholbedarf, welcher auf eine mangelnde Priorisierung von Reputationsrisiken zurückzuführen ist. Unsere Ergebnisse sind daher nicht nur für Versicherungspraktiker von Interesse. Darüber hinaus werfen sie weitere Forschungsfragen auf, insbesondere hinsichtlich der Entwicklung von geeigneten Mess- und Steuerungsinstrumenten für Reputationsrisiken.

This paper examines the status quo in the execution and organizational anchoring of reputational risk management and control in selected German insurance companies in light of the implementation of the ORSA process in the Solvency II framework. Reputational risks face the issues of innovative and complex character, thus we conducted interviews with experts from the insurance sector and evaluated them using the qualitative content analysis of Mayring. We found that the management of reputational risks showed different levels of maturity. Most of the interviewed insurance companies revealed a significant backlog, due to their failure in prioritizing reputational risks. Therefore our findings are interesting for insurance practitioners as well as for academics mainly due to the lack of adequate measuring units, techniques and processes to appropriately handle reputational risk.

1. Introduction

Munich Re's 2011 consolidated annual report states that the Ergo insurance group, along with Munich Re as the associated parent company, suffered substantial reputational damage after the publication of improper incentive travels involving Ergo's sales organization. Shortly thereafter, Ergo was reported to have committed serious sales abuses (*Munich Re* 2011, 128).

Corporate reputation is multidimensional. Regarding a definition we follow *Fombrun*: "A corporate reputation is a collective assessment of a company's attractiveness to a specific group of stakeholders relative to a reference group of companies with which the company competes for resources." (*Fombrun* 2012, 100) A positive reputation is among the firm's most important immaterial assets. It is a critical success factor if the firm's products and services have a differential feature from its competitors. The development and maintenance of a good reputation can last years, but it can also be destroyed or damaged in a matter of seconds. Therefore, the objective of every company should be to anticipate reputational risks and preserve a positive reputation through prevention (*Romeike et al*. 2012, 2). Insurance companies and their products only have a few possibilities to differentiate between each other due to the fact that insurance policies are an experience or trust-based goods. Against this background the reputation of an insurance company is of particular importance for a-priori insurance decisions.

The insurance business has a relatively poor reputation (*Wiedmann/Walsh* 2003, 76). Supervisory regulations for reputational risk management for insurance companies have existed since 2009, but there are no fully developed processes or methods for dealing with exposure to reputational threats (MaRisk VA 2009, 9). The implementation of the Own Risk and Solvency Assessment (ORSA) process in the Solvency II framework forces insurance companies to build up a new process to continuously scan and assess their own risk profile. In addition the third pillar of Solvency II could enhance market discipline effects. The Solvency and Financial Report (SFCR) and the Regular Supervisory Report (RSR) will improve the level of information in the market (for the various channels of market discipline see *Elling* (2012)). Potential negative impacts due to market discipline effects also could lead to reputational risks and enhance the need for an adequate reputational risk management. This article reviews the status quo of the management and implementation of reputational risk control processes in the insurance industry.

Business and branch reputations are highly influenced by the firm's business model. The insuree's assessments of the quality of the insurance company's conditions depends, among other factors, on its reputation (*Bürkle* 2009, 26; *Schneider/Schmidpeter* 2012, 62). A positive reputation not only signals reliability but also can give uninformed potential customers an orientation with regard to which insurance company to choose. In this context reputation is seen as a signal for quality. (For more information see *Shapiro* (1983), who developed an equilibrium price quality schedule for markets with unobservable product quality before purchase). Furthermore, the insurer's reputation is affected not only by the insurees' experiences but also by the descriptions of others like for example media reports. Poor reputation can also be created by the generalization of public reports and unpopular industry practices, which the media can turn into foci of public interest that can then discredit the whole industry (*Einhaus* 2009, 280).

The insurance literature has not yet described the operative reputational risk management in the insurance industry itself in the context of the new ORSA. Recent studies focus on the management of reputational risks in general (*Gatzert/Schmit* 2015) or on the challenges to insure reputation risks (*Gatzert et al.* 2016). *Kaiser* (2008, 998-999) describes how to implement the reputational risk management process in the MaRisk (VA) context.

Other studies focus on selected aspects of reputational risk management, for example the connection between reputational and operational risks. Reputational risks are closely linked to operational risks. The realization of operational risks can lead to not only operational losses but also reputational losses. For an integrated assessment of operational risks (incorporating reputational risks) *Eckert/Gatzert* (2015) proposed three different models. *Tonello* (2007) stated that reputational risk management should be integrated in an enterprise risk management (ERM). This allows the board of directors to take preventive measures, because an "ERM framework is designed to be an anticipatory procedural tool to ensure that a risk is fully understood even before its occurrence" (*Tonello* 2007, 26). Such an ERM is considered to be important, because *Gatzert* (2015) shows in a literature review the impact of corporate reputation on stakeholder behavior and on the corporate financial performance. Moreover, *Gatzert* presents how corporate reputation and corporate financial performance are affected by reputation damaging events.

The Allianz risk barometer indicates that reputational risk is the sixth most-feared business risk (*Allianz SE and Allianz Global Corporate Specialty SE* 2015, 1). This fear can be explained by the increase in media and public attention as well as by the increasing tendency of scandalisation in the media (*Romeike et al.* 2012, 2).

A number of studies have analyzed reputational risks but none with a focus on the insurance industry. In 2008, the scientific center at the Basel University published a study on the maturity level of reputational risk management in the bank sector. The study claims that banks are attaching increasing importance to reputational risk. However, risk exposure has varying intensities which must be addressed. Few banks appear concerned about reputational risks in their risk management (*Pohl/Zaby* 2008, 4-5; 49)). In 2012, KPMG analyzed reputational risk management in the bank sector, confirming the existence of flaws and the need to develop fundamental processes and methods for reputational risk management (*KPMG 2012*, 4-5). The Technical University of Graz and the concept portal RiskNET studied reputational risks in entrepreneurial practice. The interviewed companies generally considered reputational risks to be important and reputational risk management to be more difficult than that of other kind of risks (*Romeike et al.* 2012, 4-5).

The rest of this article is organized as follows. Chapter 2 discusses the challenges of reputational risk management. A qualitative survey is conducted to describe the status quo in reputational risk management in the insurance industry. The data and methodology used of this analysis are explained in chapter 3. Chapter 4 presents the results, which are then discussed in chapter 5. Finally, chapter 6 concludes and summarizes the key results of the study.

2. Risk Management Challenges of Reputational Risks

The Federal Financial Supervisory Authority published the Minimum Requirements for Risk Management in the Insurance Undertakings in circular 3/2009 (MaRisk VA). MaRisk VA lists reputational risk as an independent risk category and defines it as a "risk that arises from possible damage to an undertaking's reputation as a consequence of negative public perception (e.g. among clients, business partners, shareholders or the authorities)" (MaRisk VA 2009, 9). We follow this definition. Reputational risks can be understood as either distinct or as potential outcomes of other risks. MaRisk VA stipulates that "reputational risk, as a rule, is a risk that emerges in conjunction with other risks. But it can also emerge as an individual risk" (MaRisk VA 2009, 9). The scenario of an environmental damage caused by a company with consequences for the company's reputation can serve as an example for the realization of a reputational risk as an outcome of an environmental risk: Additional consequences are possible financial losses due to changed behavior of customers and/or other stakeholders. Bad news for the whole insurance industry can lead to the same results. Here reputational risk appears as an individual risk in the sense of the MaRisk VA. The MaRisk VA's statements regarding reputational risks anticipate regulations in the second pillar of Solvency II for the German market. Solvency II considers reputational risks as a type of risk without regulatory capital backing, while pillar two considers it as a non-quantifiable risk (Solvency II 2009, 51). Nevertheless the ORSA process implies the obligation to perform a continuous valuation of the internal risk situation with respect to reputational risks (Eiopa 2013, 13).

Considering the idea of market discipline set out in the third pillar of Solvency II the market itself should lead to an appropriate reputational risk management.

Reputational risk management should follow the process set out in MaRisk VA, with its phases of risk identification, analysis and evaluation, treatment and monitoring (see *figure 1*).

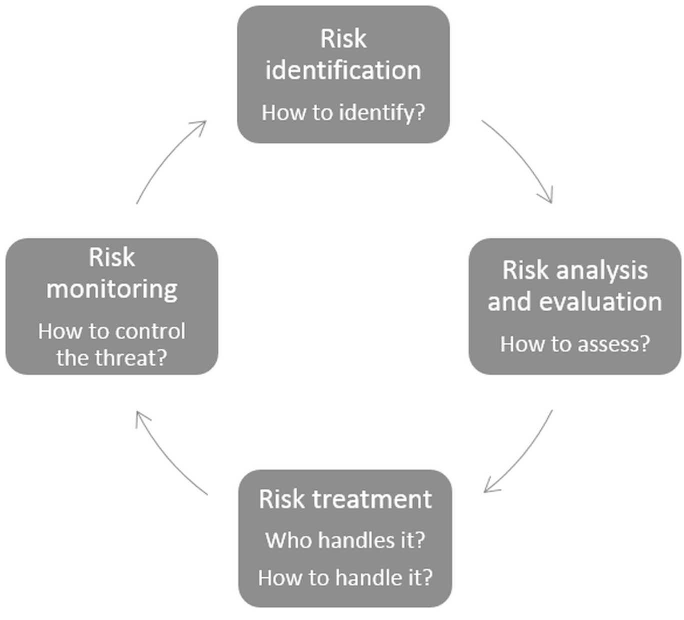

Figure 1: Phases of the reputational risk management process

In each phase, the reputational risk characteristics presents distinct challenges (*Kaiser* 2008, 1000). Unlike with financial risks, for which a fundamental database and quantification techniques are available, no database for reputational risks exists with which to implement useful risk quantification (*Kopf* 2009, 329). Some miscellaneous index-based methods for reputation measurement do exist. These allow to measure reputation over time up to the current point in time. But, ex post studies seem unsuitable for identifying future reputational perils. Nevertheless, as *Mahon* (2002) stated, an evaluation of reputation over time is important, due to the fact that reputation is a construct which is formed over time "as a function of complex interrelationships". (*Mahon* 2002, 423). Ideally there should be company-specific valuation procedures that identify a potential reputational damage using concrete risk scenarios. They would also assess the financial implications of reputational damage. However, several unsolved methodological challenges prevent such financial measurements. No reliable time horizon exists for the valuation of reputational risks. The occurrence of an incident and the realization of reputational damage may be widely temporally displaced and the rate of damage realization is usually uncertain. Reputational damage can be measured retroactively only when it is expressed in monetary units. Since reputational risks often occur indirectly, a concrete distinction from other risks is hardly possible and numerous factors are subjectively characterized. Thus, an entire financial valuation comes with great challenges. (*Sieler* 2009, 67-68). A broad literature tries to overcome these with event studies which use the loss of market value as a proxy for the reputational damage (see *Fiordelisi et al.* 2014 for an example considering the bank industry).

Reputational risks arise as both single and subsequent risks, it follows that reputational damage can affect other types of risks. This dual character complicates the clear identification and differentiation among the causes of reputational risks and consequently affects their control (*Dey* 2013, 41).

Beside the operational course of reputational risk management, the organizational anchorage of the management and control of reputational risks is also mostly unexplained (*Kaiser* 2008, 998). Various domains (e.g. risk management, corporate communication, legal departments) deal with reputational risks without a determination of who is explicitly responsible for their identification, valuation, or control. Active management of reputational risks requires that employees at all levels be involved (see again *Tonello* 2007); as the risk scope decreases, the number of included levels should grow. Employees must be sensitized to and made aware of reputational risks and help in the building of an appropriate risk culture (*Sieler* 2009, 70-71; *Böing et al.* 2009, 230-231).

A crucial question for the insurance industry (but is not addressed in this paper) is whether reputational risks could become a business area for insurers. For an overview see *Gatzert et al.* (2016).

3. Method and Data

This paper summarizes the results of an interview-based study on reputational risks. We focus on the question of how reputational risks are operationally treated in the risk management cycle in the insurance industry. We look at the phases of identification, analysis and evaluation, treatment and monitoring reputational risks (see *figure 1*). The study gives insights into the questions which affect the framework of reputational risk management. First, if reputational risks are of higher importance than other risks due to its dual character as its own risk category or a potential outcome of other risks. Secondly, if insurance companies sensitize their employees to reputational risks and if so then how? Finally, if the insurance industry expects significant changes in the reputational risk management after the implementation of the ORSA process.

This study answers these questions using empirical qualitative social research methods. It aims to generate new insights through a systematic analysis of surveyed experiences (*Schnell et al.* 2011, 3). The crucial advantage of qualitative research is the ability to extract theories and hypotheses (*Diekmann* 2008, 33-34). Oral questioning during interviews has been established for the determination of expert knowledge in qualitative research (*Hopf* 2013, 349-350).

This study's expert interviews occurred individually and followed a guideline; which was structured based on a theoretical background drawn from previous research. A pretest was not required, as the interview guideline could be modified according to the valuations of the first interviews (*Gläser/Laudel* 2010, 107). The guideline was compiled with a high level of detail to give less-substantiated topics an appropriate structure and to enable them to produce concrete answers. Before the interviews, a short version of the guideline was handed to the experts as preparation and, if necessary, to determine if further information or reference to additional experts was required.

Twelve interviews were carried out in 2014 with five primary insurance companies, two reinsurance companies, and two industrial insurance brokers. This broad consideration of market participants is necessary for a holistic view of the reputational risk management in the German Insurance Industry. The industrial insurance brokers take the same perspective as the primary insurers, because they usually develop risk management solutions for primary insurers. The twelve conducted interviews provide a solid basis for this qualitative study and allows us to derive a first trend (*Merkens* 1997, 100; *Hartley* 1994, 225). As a rule, one expert per company was interviewed. More experts were available from firms that dealt with reputational risks in several departments. Mainly these experts were senior employees from the risk management departments. Other interviewees were product or innovation managers and one was the director of corporate communications.

After the interviews, the recorded data was transcribed for analysis. The analysis of the transcriptions is based on the qualitative content analysis of *Mayring* (2015, 92-94; 99).

This analysis is designed to extract an identifiable structure from the data. Since content analysis is not a standard tool, it is adjusted to the subject under study (*Mayring* 2015, 48-49). This requires a concrete determination of the unit of analysis, the relevant categories and their characteristics (deductive approach), anchor examples, and definitions of the coding rules. The system of categories is then developed inductively within the framework of a data review (*Mayring* 2015, 92-94; 99). *Figure 2* gives an overview of the research design.

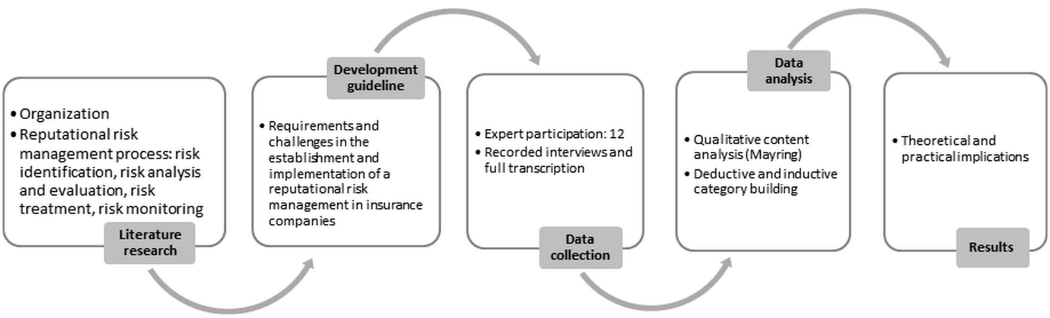

Figure 2: Research design

4. Results

Figure 3 gives an overview of the results relating to the reputational risk management process.

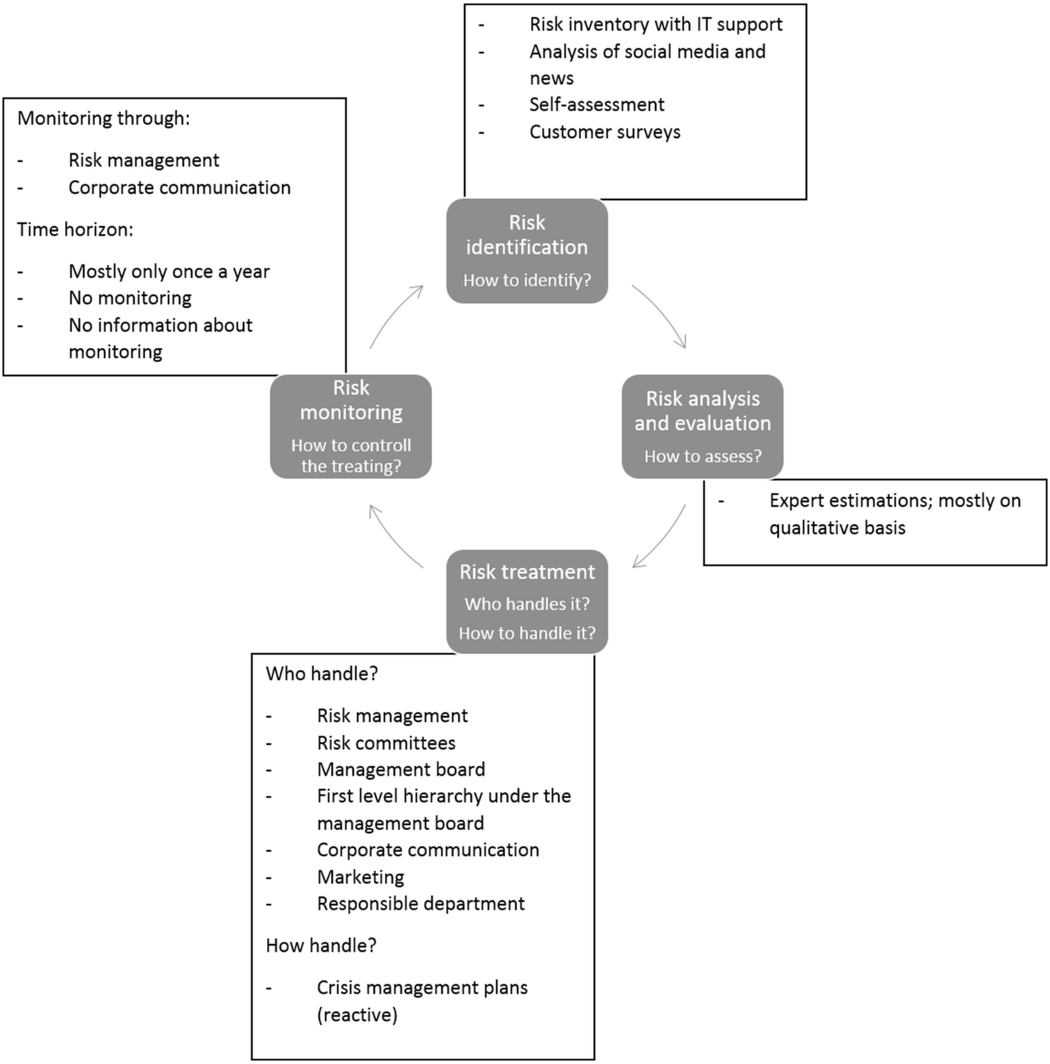

Figure 3: Phases of the reputational risk management process with results

The methods mentioned most often for reputational risk identification are risk inventory, and the analysis of social and news media. Risk inventory often occurs with the help of IT tools. The monitoring of social and news media is typically conducted within the firm and only rarely by a specialized external service provider. Self-assessment and reputation-related information from customer surveys and complaint management techniques were also mentioned. This technique relies on the insurance companies trying to identify future reputational perils by filtering all statements from their customer.

Most of the companies interviewed conduct their reputational risk assessment with the help of expert estimations; showing that the firms have insufficient experience for quantitative evaluations. These experts qualitatively assess the probability and the potential extent of various risks, which can damage the firm's reputation. Only one insurance company combines the qualitative valuation with the use of a semi-quantitative scale. A few of the companies do not use a specific valuation method but plan to perform scenario analyses using expert estimations.

An adequate organizational anchoring is very important for effective reputational risk treatment. The insurance companies' responses show that several departments are integrated into the treatment process; in most of the companies often the top management and especially the management board. At the operational level, all domains are mostly involved in the treatment, including risk management, corporate communications, and risk committees. One of the insurance companies also uses the marketing department. The treatment occurs, in most of the companies surveyed, through crisis management techniques such as crisis committees acting accordantly to crisis management plans, which are reactive. This process is party controlled with the help of defined responsibilities and processes. One company practices preventive control using customer and employee surveys, while another has no explicit control measures.

The phases of the risk monitoring process, especially the initiated control measures, should be tracked and monitored within the framework of success control. The results of the survey show that this usually occurs only once a year. Some of the companies interviewed have no explicit monitoring system for reputational risks and gather no information about it. The named responsible organizational units are the risk management and corporate communication unit.

In regards to the importance of the state of reputational risks most of the interviewed insurance companies do not consider reputational risks to be more significant than other types of risk, mainly due to the challenges of risk quantification and controllability. Reputational risks are deemphasized, partly because they have not been given as much attention as other types of risks.

Reputational risks are described as an increasing importance by all companies except one. This view is justified by the increased public sensitization and regulatory requirements. Transparency and the fast-paced media landscape, which have become more important within the last few years, are now of paramount importance.

Appropriate employee sensitization is deemed necessary by all interviewed companies, but most awareness-raising measures are indirect; occurring within the framework of social media guidelines, codes of conduct, compliance requirements, and training. Only one of the interviewed companies does not sensitize its employees at all, either indirectly or directly. Sensitization measures are implemented by most of the companies but only the managerial level or by selected personnel, where it is sometimes at the discretion of those responsible in communicating the appropriate issues to employees.

Some of the interviewed companies expect further development due to the Solvency II respective ORSA, even tightening the management of reputational risks, because many of their structures have significant flaws. Risk quantification is not required by Solvency II and therefore not planned by the interviewed companies. Moreover, the interviewed companies are focusing on more important issues, such as quantifiable risks and, especially, the first pillar of Solvency II. Some of the interviewed companies could not, or did not wish to, comment on this question.

5. Discussion

We find that the risk inventory and the monitoring of social and news media are key to the identification of future reputational risks. By scanning the different information channels it is possible to detect potential reputational perils at an early stage before these risks have fully materialized. In risk inventory, potential reputational risks are regularly reported by the responsible employees through either their own awareness or that of participating employees, making their sensitization all the more important.

Those companies that evaluate reputational risks use expert assistance, due to the fact that they do not have their own quantification techniques. The companies lack empirical values concerning reputational risks and their interdependency with the other types of risk, which makes them difficult to evaluate. Thus, a direct connection to pecuniary losses cannot be made. Some insurance companies do not even attempt to measure reputational risks instead they focus on other risks. Which suggests that reputational risks are seen as less important. This view seems to be shortsighted by the prevailing opinion in the literature that the importance of reputational risks is still increasing (see e.g. *Gatzert* 2015, 485). Risk identification occurs in all the interviewed companies, whereas risk evaluation is more difficult. Qualitative evaluations are dominating here. The first step towards quantification could be semi-quantitative scales, which are used by one of the interviewed insurance companies. It was difficult for the companies to give an explicit answer about the quantification of reputational risks, indicating a significant difficulty in establishing standardized identification and evaluation methods. Reputational risks clearly present difficulties for the interviewed companies as a whole.

The focus of reputational risk management is risk treatment. The companies had difficulties naming explicit measures for this task as well. Reputational risks are largely addressed reactively within the framework of crisis management. Only one company performs preventive treatment using customer and employee surveys. Interestingly, the other companies do not pursue prevention through employee sensitization. The control of reputational risks occurs reactively and situationally, through ex post damage containment. Reputational risks are thus managed passively, as it befits the significance of the companies. Here we can consider a discrepancy between the current operative management of reputational risks and the statements about the increasing importance of reputational risks.

Several organizational units are involved simultaneously in the control process. In almost all the interviewed companies, the management board or top management is included as recommended by *Tonello* (2007). There is a backlog in the proactive management of reputational risks, but such management indicates that a high level of importance is attached to it. Some of the interviewed companies recognize that involving corporate communications and/or marketing units can be useful in supporting reputational risk management through both reactive and preventive internal and external communication. These represent individual cases, but the overall signs are positive.

Given the relatively low maturity level of reputational risk management, it is not surprising that most of the insurance companies perform monitoring through an effectiveness audit only once a year. This practice does not lead to a concrete sustainability. Only one insurance company does not monitor reputational risk at all, because it lacks risk control. Our results suggest that reputational risks might not yet receive the attention necessary for appropriate management in the insurance industry, at least in case of the few selected interviewed insurance companies.

Because of the growing importance of social media and an increased public sensitivity, nearly all the interviewed companies believe reputational risks are increasing. Most of the companies monitor social and news media to assess the public's perception. The insurance industry's awareness of reputational risks appears quite high but the corresponding risk management processes are not fully implemented yet, due to the difficulties to identify, evaluate and treat reputational risks. Therefore we can consider that many insurance companies do not have the ability to manage reputational risks in an appropriate way, because they have not developed or implemented the right instruments.

All the interviewed companies consider employee sensitization to be very significant, but most perform it only in an indirect awareness-raising measure. Issues such as data security, handling social media, and compliance requirements are in the foreground, whereas handling reputational risks is secondary. Given the high significance according to the employee sensitization by all companies, reputational risks should be dealt explicitly. The judgment of every employee matters because of the qualitative nature of reputational risk management. Therefore, awareness-raising measures should not be limited to a selected group of employees, especially against the background that we showed that many different departments are involved in treating reputational risks.

Moreover smaller insurers show greater flaws in their implementation of reputational risk management as required by ORSA, because smaller firms lack the necessary capacities for a broad risk approach. Qualitative reputational risks have been treated only cryptically. However, we do not find any significant differences in the maturity of reputational risk management between primary and reinsurance companies. The fact that the interviewed companies plan to improve their reputational risk management in the long run indicates an awareness of its importance. On the other hand such awareness will be necessary to fulfil the coming regulatory guidelines regarding their own reputational risk assessment.

Naturally, this study has several limitations. The first concern is the generalizability of the results. The relatively small number of companies interviewed does not allow for their statements to be generalized to the whole insurance industry. Insurance companies, reinsurance companies, and insurance brokers were considered in this analysis. The interviewed companies were not classified according to size nor according to business type, because creating individual subgroups would have reduced the results' validity due to the limited number of participants. The representative experts were chosen carefully, however, they vary in their knowledge of reputational risks, limiting the comparability of the results among the companies.

6. Conclusion

The implementation of reputational risk management in the German insurance companies is occurring at various maturity levels. Some of the interviewed companies have obvious backlogs because they have failed to prioritize reputational risks. Some avoid reputational risk management because quantitative risks are prioritized, which does not seem justified in face of ORSA. This indicates that handling reputational risks is difficult for insurance companies, and that no standardized process or methods for the task exist. Reputational risks are not quantifiable, because of a lack of experience and delimitation problems. Some insurance companies regard reputational risk management as merely a necessity to fulfil supervisory requirements. This situation will likely not last because of the introduction of Solvency II, which increases the supervisory requirements by implementing the ORSA process. Overall, it can be noted that no organizational standard of reputational risk management exists in practice in the insurance industry. There are only a few proactive elements to handle reputational risks. Although the insurance sector must always contend the substantial reputation problems, reputational risk management is not yet considered as an important component of profit-oriented management. Reputational risk management can act as a "spotter" in identifying the central drivers, adjusting the screws of reputational risks and building on them in order to take the measures necessary to enhance market success through reputational sustainability.

Appendix

Attachment 1: Expert Interview Guideline

First Steps

- Introduction of the interviewer and the research project
- Introduction of the interviewee: Please introduce yourself and clarify in which company and in which department you work

Reputational Risk Management

General:

- In your opinion, how important do you think reputational risks are, in comparison to other kinds of risks?
- How do you evaluate the development of reputational risks during the course of the last ten years?

Organization:

- For the active reputational risk management, employees from all hierarchical levels should contribute. How do you sensitize your employees for this topic in respect to how do you build a corresponding risk culture?

Risk Identification and Assessment:

- How do you perform the identification and the associated analysis and evaluation of reputational risks?
- Which variables and methods of measurement do you use?

Risk Treatment:

- On which organizational level have you incorporated the control of reputational risks?
- How do you perform the control of reputational risks?
- Are reputational risks considered explicitly by processes of change? (Prevention)

Monitoring Risks:

- How does the reporting of reputational risks happen (e.g. independently, regularly, ad hoc, etc.)?
- How are the measurements in regards to reputational risks supervised? (Sustainability)

Conclusion:

- Do you have other comments or questions?
- Thank the expert for participating

Attachment 2: Presentation of the Results

Category	Characteristic	Anchor-example
General:		
1) **Importance of reputational risks in comparison to other kinds of risks**	1.1) Difficult to compare	1.1) „Hence, I would describe it, as the belief that the probability of occurrence is not that high but if it occurs, it is difficult to control.“ [Interview 14, pp. 20-21].
	1.2) Minor importance	1.2) „Therefore in the view of the whole assessment-rail, of the whole consideration-rail, unofficially, they are not represented as well-balanced. In our company, we gather them as essential risks, but not with the same management and the same effort and concept as with the other kinds of risks.“ [Interview 12, pp. 22-26].
2) **Assessment of the development of reputational risks**	2.1) IIncreasing development	2.1) „I would say, rising the tendency. Depending on the different aspects. One has a higher sensitization of the public through specialized press and more publicity. The amount of reports on this topic is increasing, as well as the transparency of that. … Then, through regulatory requirements, through Solvency II, one has explicitly fore grounded this risk as well as the operational risk. … Accordingly, a higher importance but as already mentioned the relevance has increased clearly through the public, through specialized press and that a whole science is concerned with it, namely Solvency II. “ [Interview 6, pp. 55-60; 72-74].
	2.2) Consistent development	2.2) „Thus, it stays relatively constant in our company.“ [Interview 4, pp. 40].

Category	Characteristic	Anchor-example
Organization:		
3) Employee sensitization	3.1) In the frame of codes of conduct/ guidelines	3.1) „We report that actively. E.g. often in connection with the compliance-guideline. Thereby, it is always clear that we have such a thing and that binds us to this topic. And then, at our company it is the rule that all employees are informed about anything that happens. For example that a customer make threats with media attention or anything else, that then in any case the corporate communication has to be involved. And the case will be handed over.“ [Interview 13, pp. 58-63].
	3.2) In the frame of trainings/meetings	3.2) „Last year around the 31st of October at a meeting the corporate communication presented measures for reputational risks as active reputational management. Therefore a whole process and there all executives will be informed at the meeting and they are instructed to share it in their departments, this means that it will be communicated on the whole employee level." [Interview 13, pp. 297-302].
	3.3) No sensitization	3.3) „In particular, not absolutely to the reputational risk. Thus, we don't have reputational trainings as other companies do, where new employees go through a risk culture workshop; such a thing does not exist at our company … But not every single employee will be trained for reputation and quasi skilled in respects to the risk culture. We have not installed this so far.“ [Interview 12, pp. 106-114].
	3.4) Sensitization of all employees	3.4) „Yes, all, because something like this can come up through almost anyone. Predominantly, it refers to the media. Thereby, the employees are more aware, if anything strange develops or if peculiar writings appear.“ [Interview 14, pp. 66-69].
	3.5) Sensitization of individual employees	3.5) „Accordingly, sensitization yes and at least at the management level yes and also partially the employees. It is available for all.“ [Interview 6, pp. 111-113].

Category	Characteristic	Anchor-example
Risk Identification and Assessment:		
4) Identification and estimation of reputational risks	4.1) Self-assessment with expert estimation	4.1) „Yes, as already said, we have also begun with such a classy self-assessment, where we have convened a group of people and talked basically about risk finding. … These are pure valuations. So one could grasp this under such a nice headliner as „expert estimation".” [Interview 4, pp. 193-195; 420-421].
	4.2) Scenario analysis with expert estimation	4.2) „ I assume that we are making a point in the frame of the ORSA. … I would confine it to such a circle and then one has to speculate in the circle about the financial frame, a reputational risk, a certain scenario or one takes three scenes and plays through, what this could cost in some circumstances." [Interview 10, pp. 305-313].
	4.3) Risk inventory with expert estimation	4.3) „ … the risk managers make a risk estimation quarterly. It is a standardized program. And then they combine it and report to the risk committee and make risk reports. … Finally, these are more empirical values, combined with benchmarks of other companies that we take as a peer group. Therefore, it is just an approximation. Especially the financial estimation. … It is an estimation, not more." [Interview 14, pp. 84-86; 97-103].
	4.4) Evaluation of Social Media and press	4.4) „ … to measure reputational risks, precisely because they are more qualitative and not quantitative, per year, since 2007 media resonance analyses are conducted." [Interview 13, pp. 120-122].
	4.5) Complaint management	4.5) „ … then there is a complaint statistic, which we also provide. And one twigs there, what happens and one cannot do more." [Interview 13, pp. 390-393].
	4.6) Customer surveys	4.6) „We have also carried out customer surveys, but we do not do it regularly. " [Interview 9, pp. 100-101].

Category	Characteristic	Anchor-example
Risk Treatment:		
5) Organizational control anchorage	5.1) In the risk management	5.1) „Mister X as a more central risk manager is the person, who reports to the executive board.“ [Interview 4, pp. 315-316].
	5.2) In the risk committee	5.2) „This is handled by the different committees.“ [Interview 12, pp. 300].
	5.3) In the executive board	5.3) „We would take this to the board … “ [Interview 10, pp. 375].
	5.4) In the first level of seniority	5.4) „Integrated are the first level of seniority and the executive board …“ [Interview 6, pp. 208].
	5.5) In the corporate communication	5.5) „Thus, the corporate communication surely as the main sector.“ [Interview 5, pp. 527-528].
	5.6) In the marketing department	5.6) „ … and also, in the broadest sense, enacted in the marketing department …“ [Interview 10, pp. 22-23].
	5.7) In all departments	5.7) „So, the control of the individual topics lies, if it involves business transactions, in the individual departments, in the operational entities.“ [Interview 12, pp. 298-300].
6) Control of reputational risks	6.1) Through defined responsibilities and processes	6.1) „And there are different councils, which meet. They are often named something with committee. Where single sectors discuss or also in the light of marketing. This information coalesce over the risk committee in the division of a central risk management and I would transport it to the executive board … And thus, this would be transported top down. And it would lead top down to an appropriate reaction.“ [Interview 4, pp. 343-354].
	6.2) Through customer and employee attitude surveys	6.2) „There are customer surveys, there are employee attitude surveys … “ [Interview 5, pp. 565-566].

Category	Characteristic	Anchor-example
	6.3) Through crisis management	6.3) „There are people responsible, who initiate, if it comes to the worst, so called business continuity measures. There are crisis committees, who will be convened and there are people, who in case of doubt go to this committee. That is all defined and it is present. This means the emergency organization is installed. Solely, they do not sit together all day, it is cause-related. “[Interview 6, pp. 220-225].
	6.4) No explicit control measure so far	6.4) „ … There is not a defined procedure, the executive board would react according to the situation. … Yes, something like that was not played through, because the situation did not appear, however it should be done, because I believe, if the situation appears and that is basically a small crisis, it is stress for all participants and that one works out the solution to the problem not objectively.“ [Interview 10, pp. 375-389].
Risk Monitoring:		
7) Reporting of reputational risks	7.1) Continuous	7.1) „At our company the sensitizations are prescribed by our monthly risk disclosure statement.“ [Interview 4, pp. 288-289].
	7.2) Ad hoc	7.2) „Thus, we have the ad hoc concept, quasi in the quarter, in which the risks have to be reported at any time … “ [Interview 12, pp. 316-317].
8) Supervision of reputational risks	8.1) Supervision occurs	8.1) „Recently, we started a process, where we do general checks and we are about to specify this. We have written the policy and anchored in this policy that we check once a year, if the measures we fixed are effective. Later, it should be checked once a year by the risk management, so that the processes are adhered to and that they work. This will be done through interviews.“ [Interview 12, pp. 328-334].
	8.2) No explicit supervision	8.2) „If I would look on this topic as a regulator, I could imagine that the supervisor would say „Not at all“. As well as our revision.“ [Interview 4, pp. 396-398].

Category	Characteristic	Anchor-example
9) Outlook: Advancement of the reputational risk management through Solvency II	9.1) Gains importance	9.1) „And as long as one has no pressure, one has to establish the structures and observe a certain management process and maybe one has the chance to begin with a scenario analyses, however I think until we can start quantifying, one has to try it first.“ [Interview 12, pp. 360-364].
	9.2) Ulterior advancement	9.2) „Apart from this, I believe that it is always necessary to develop further. But concretely, I don't think so. I think that we are well positioned.“ [Interview 14, pp. 188-190].
	9.3) No statement possible	9.3) „I cannot say anything to that.“ [Interview 5, pp. 521].

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