

The W. Howard Chase Award — 2006

Organization Nominated: Swiss Re

The Issue: Swiss Re's Group Issue Management (GIM)

1. Why is the Issue important to the organization?

Understanding and anticipating the developments that shape the risk landscape are essential elements of Swiss Re's business. As a leading global reinsurer, Swiss Re's success is based on high-quality risk assessment and industry recognition of its broad knowledge of risk transfer and financing. Swiss Re established an issue management process called Top Topics in 2001 to help identify and tackle fundamental trends affecting the insurance industry, and to ultimately shape the Group's business environment. In 2005, Swiss Re advanced its issue management practices with the creation of the Group Issue Management (GIM) process and through the work of the Issue Steering Committee (ISC), aggregating further intelligence on the changing expectations of stakeholders on the risk landscape and enhancing the Group's communications agility. ISC members are senior professionals representing the broad range of stakeholders' views on Topics. Long-term objectives of the ISC include:

- Ensuring that topics are positioned vis-à-vis stakeholders in a consistent manner and that communications activities are aligned with the Group's interests
- Foster stakeholder dialogue
- Support knowledge transfer into real business opportunities
- Promote best practice in dealing with issue and topic management

The Topics identified represent both opportunities and changing risks affecting various Swiss Re's units or functions, and therefore requiring coordination at the Group level: these Topics involve either significant market and economic trends, regulatory changes or key scientific and social developments that have or could have an impact on the Group's current and future book of business. Currently, some 20 Topics are monitored and analyzed and a large range of research and external communications activities are conducted on these.

2. At what levels do members of the organization participate in addressing the Issue?

The Group Issue Management (GIM) discipline is a global function at the Corporate Centre level benefiting from all levels of seniority from throughout the organization. Overall responsibility for decision-making related to the issues dealt with in the GIM process lies with the ISC and are reviewed by the Group's Executive Committee (EC). The Chief Risk Officer and the Head of Communications and Human Resources are sponsors of GIM and members of the ISC. All stakeholders' views are represented in the ISC (e.g. investors, regulators, clients, employees, media). Swiss Re's Centre for Global Dialogue in Rüslikon, Switzerland, is the central platform to foster stakeholder dialogue. The ISC provides regular updates to the EC on the Topics portfolio and makes recommendations on Top Topics.

The ISC meetings and GIM process are managed by the Head of Topic Positioning and Corporate Reporting, a senior manager in the Group communications function. The Head of Issue Management (a senior management position) ensures ongoing monitoring and scanning of a broad range of internal and external sources of potentially new Topics to be submitted to the ISC.

The Head of Issue Management initiates the analysis of new Topics and prepares, with topic and communication experts, the formulation of position papers and action plans. Internal sources for issue identification include a variety of experts throughout the organization, often drawn together in functional or geographical “panels” or “circles”. Most of these expert circles pre-existed the formal introduction of GIM but the output was previously not collected in as structured a manner.

Experts for the individual topics addressed within GIM are embedded in functional units such as risk management, product development, finance or legal. The selected experts on Topics or Top Topics are qualified as Topic managers. They are senior professionals, recognized internally and externally on the topic with relevant business responsibilities. Topic managers are responsible for the detailed research on the issues, the development of opportunities and impact analyses as well as the formulation of position papers, action plans and communication activities.

Topic managers are supported by Communication managers in the development and execution of communication activities, including research publications, client events and conferences as well as sponsorship activities and media relations.

GIM as well as individual Top Topics are an integral part of internal professional development programmes at junior and senior levels.

3. Which constituent groups are affected?

The main constituent affected are:

- Existing and potential clients
- Investors and financial analysts (incl. rating agencies)
- Regulators / Legislators
- Employees
- Industry associations
- Media
- Academic institutions
- General public

4. How are constituent concerns considered and acted upon?

Feedback from the various constituent groups is fed into the regular evaluation process of individual Topics at the ISC level and the GIM process as a whole. The EC is also consulted twice per year to collect feedback and guidance on actions conducted and/or planned.

Employee participation in the various training schemes has provided valuable insight into the “grass-roots” understanding of the GIM discipline and the Topics addressed and has increased the levels of contribution throughout the organisation.

Concerns raised by various external constituencies are usually discussed with specific business partners within the organization. For example, clients will typically consult with

their client manager while industry regulators discuss issues with Swiss Re regulatory affairs professionals. As all stakeholders are represented in the ISC, stakeholder feedback on Swiss Re positions is shared on a regular basis.

The Group conducts regular surveys with stakeholder groups to ascertain acceptance or concerns related to Swiss Re's expertise on Top Topics and other key issues. Regular media benchmarking of expertise communication in the insurance industry reveals that Swiss Re's voice is heard and performs well in comparison to industry peers.

5. What is the key objective of the issue management program?

The key objective of GIM is to enable Swiss Re to identify developing economic, regulatory and risk-relevant trends, and monitor their impact on the Group's strategy and/or earnings so that Swiss Re can actively shape its business environment. In addition, the research and communications activities generated on Topics as a result of GIM underpin Swiss Re's reputation as a leading knowledge company in the field of capital and risk management. Finally, as a global organization of some 8,800 employees in more than 70 offices in over 30 countries, the GIM supports Swiss Re's objective to deliver consistent messages globally. The GIM mission statement is as follows: "position Swiss Re as a knowledge company and industry leader on topics of strategic relevance, representing market opportunities or potentially impacting Swiss Re's balance sheet and entrepreneurial freedom."

6. Does issue management make a direct contribution to the organization's profitability? If so, how?

Yes, GIM contributes both to business growth as well as protecting the Group's balance sheet. Identifying new business opportunities at an early stage allows Swiss Re to become market leaders in its chosen fields (e.g. Insurance-linked securities as innovative risk transfer solutions, Solvency II in terms of adequate capital and disclosure requirements). On the other hand, detecting potential new risks before they develop into serious issues enables the Group to set-up appropriate mitigation procedures including underwriting guidelines, pricing recommendations and capital allocation (e.g. Nanotechnology or Obesity related claims). Specific efforts are currently being conducted to define communication objectives in order to measure the tangible benefits of the GIM discipline.

7. What are the results?

GIM is acknowledged as a contributor to Swiss Re's strategic decision-making process as well as an important factor in the Group's external positioning and communications. Greater coordination has resulted when launching major communications initiatives. Increased transparency in Swiss Re's key messages and dissemination of these messages internally and externally has been achieved. Business benefits are felt in many Top Topics where additional communication resources have been allocated, particularly for climate change, insurance-linked securities, Solvency II.

8. Please illustrate your organization's issue management process.

