



Swiss Re
Corporate Solutions

Advancing corporate insurance together
Food and beverage industry





**Swiss Re Corporate
Solutions is here to
protect you and enable
your progress.**

We're smarter together.



Content

Introduction – Josef Asmin, Senior Risk Engineer	4
Swiss Re Corporate Solutions	4
Food and beverage – key facts and risks areas	6
Food and beverage – tackling the key business risks	8
Target markets	9
Our service proposition	9
Our proposition for food & beverage industry clients	10
Delivering the service you need, when you need it	16
Key contacts	18

Introduction

In the last century, many parts of the world transitioned from agricultural to industrial and service economies. As a consequence, a large section of the global population no longer feeds itself, but relies on others for its supplies. For many of us today, food normally comes from a shop, not a farm.

Assuring this supply today is not possible without globalisation. It is a process involving countless partners and interfaces, requiring logistics that are complicated and are growing more so by the day. But where there is complication there may be error. And error may lead to harm.

For producers, this can mean a proliferation of food safety issues and ultimately recalls of unsafe products. Safe and healthy food for all is possible in a more globalised world, if we implement the safe production policies and procedures that already exist.

At Swiss Re Corporate Solutions we work hard to understand our clients' specific risk profiles, helping them to manage their risks and exposures efficiently and effectively, and to prevent losses that may arise in the evolving risk landscape. We provide and support standard and non-standard solutions. Key risk expertise that you can benefit from includes, for example, products and services liability and product recall.

Have we succeeded in awakening your curiosity about what Swiss Re Corporate Solutions offers to food and beverages companies?

Please read on.



Josef Asmin
Senior Risk Engineer

Swiss Re Corporate Solutions

Speed. Simplicity. Service. Not your typical description of a commercial insurer. But Swiss Re Corporate Solutions is anything but typical. For a start, we want to improve the customer experience. That's why we work with you to understand your needs, and provide tailored, state-of-the-art risk management solutions, without the hassle. We also know the world is changing and you need a partner who anticipates the future. At Swiss Re Corporate Solutions, we're relentlessly addressing industry inefficiencies and customer and broker pain points to transform corporate insurance. By combining fresh, innovative perspectives with tech-driven solutions and applied expertise, we're leading the industry forward. We're rethinking corporate insurance with you in mind.

Solutions for climate related changes in demand (Innovative Risk Solutions)

Many large European companies now create more value by the application of intangible than tangible assets. This has led to increasing attention on solutions for emerging 'non-physical' risk areas. Our Innovative Risk Solutions commonly cover either loss of expected revenue or loss of expected profits, historically referred to in the insurance industry as 'business interruption'. Clients are increasingly focused on achieving the key financial targets in their business plans, to meet the expectations of their investors and the scrutiny from the investment community, and as a result the attention on 'financial smoothing' solutions for unexpected business developments is increasing.

Our non-damage business interruption (NDBI) solutions are based on a non-physical damage trigger. The trigger is parametric – an external data source is used to create an index through which the loss is calculated. Advantages of parametric triggers include fast and undisputed payment of claims; and no need for claims investigation. In the food and beverage industry, maintaining liquidity is vital for clients. Our solutions recognise and tackle this key financial exposure.

Climate change is exposing clients to more frequent and more severe weather conditions. Many businesses are seasonal, with business critical trading periods during the year. In the food and beverage industry businesses reliant on weather include breweries, ice cream producers, and meat producers. After the hot summer of 2018, grain crops were commonly down around 30% from expected levels across Europe. This has particularly affected farmers and farming cooperatives. In periods of severe bad weather food and beverage companies may be unable to access storage facilities and to transport products to stores. Governments may issue warnings to the public that they should stay at home.

Increased competition has led to reduced profit margins across the industry, meaning that top line volatility inevitably leads to bottom line volatility. For weather-related Innovative Risk Solutions a correlation can be made between the weather event(s) and the client's turnover. We have unparalleled expertise and tools for the modelling of Nat Cat data and creating solutions that protect our clients' revenues.



Food and beverage – key facts and risks areas

■ Key facts

An increasing percentage of European consumers are motivated to seek out **healthy food and beverage products to improve their digestive health** (France 34%, Germany 54%, Italy 39%).

■ Risk areas



Salmonella is the most frequently reported pathogen in food in the EU, with **over 100 000 human cases reported each year**. The European Food Safety Agency (EFSA) has estimated that the overall **economic burden of salmonellosis could be as high as EUR 3 billion a year**.



The EU produces around **12.5% of the global cereal output, 66% of the world's wine, 50% of its sugar beet, 75% of its olive oil**.



Meeting the **growing demand for food** by using more land will have serious impacts on the environment and the climate.



Any **reduction in key staples is likely to jeopardise food security** in the EU (and in the world) and increase food prices – making it harder for people to access affordable and nutritious food.





Food manufacturers need to **clearly identify ingredients**, and use packaging that is environmentally responsible.

Consumers are looking for a sensory experience in food – and they want to share their food experiences on social networks.



The global demand for food is expected to grow by 70% in the coming decades.

A winning formula for Risk Engineering Services

A major European manufacturer of drinking water recognised that the storage of plastic bottles in their main manufacturing sites represents a significant fire and smoke risk.

But they felt that their previous insurer was being too prescriptive in its approach, setting out requirements for the client to complete with one year, or they would come off cover.

Our risk engineers visited the client's top locations and in dialogue with the client set out risk improvements to be implemented over a longer period. In doing so, we demonstrated that we are prepared to be flexible and to recognise our clients' financial circumstances, without compromising responsible standards of safety.



Researchers have identified more than 250 foodborne diseases. **1 in 10 people fall ill** every year from eating contaminated food, and **420 000 people die each year** as a result.

Food and beverage – tackling the key business risks

What are the implications of the growth in global population on food security?

- By 2050, the world's farmers will need to more than double production to feed an additional 2 billion people. Most of this population growth will occur in countries that are already food insecure.
- By 2050, 66% of the world's population will live in cities – this is likely to lead to higher food prices.
- Currently, 1/3 of the food we produce is either lost or wasted. The global costs of food wastage is estimated to be USD 2.6 trillion per year, including USD 700 billion of environmental costs and USD 900 billion of social costs.
- Recent reports indicate that crop yield declines of the order of 10–15% may be widespread by 2050 due to climate change.
- Rising temperatures are predicted to reduce catches of the world's main fish species by 40%.

What are the implications of foodborne diseases on the product recall risks of companies in the Food Industry?

There are more than 250 foodborne diseases. 1 in 10 people fall ill every year from eating contaminated food, and 420 000 people die as a result. Children under 5 years of age are at particularly high risk.

Most cases of foodborne illness are caused by pathogens in food and by labelling issues, with undeclared allergens one of the main reasons.

Product recall trends and drivers include:

- Increasing consumer health awareness, heightened by public debate and widespread media coverage.
- Changing eating behaviours: particularly more convenience food.
- The growing complexity of supply chains and globalisation of the Food Industry.
- The rising prevalence of food allergies resulting in a constantly evolving regulatory landscape.

With falling consumer demand, increasingly competitive products, heightened requirements by retailers and consumers, and tougher market access, what are risk and insurance implications for the European beer industry?

Falling consumption – in key European markets, beer consumption has fallen by roughly 10% in the last decade. Reasons for this reduction include demographic changes, the emergence of alternative beverage categories like wine, cider and health-oriented drinks, tighter regulatory and taxation measures, as well as the economic slowdown.

New distribution challenges – retail stores (such as supermarkets and convenience stores) are becoming an

increasingly important distribution channel for beer manufacturers, at the expense of bars and speciality stores. Retail stores deliver lower profit margins, even when they are not discounting. Retailers are putting greater demands on manufacturers, insisting on more frequent product deliveries to reduce their warehousing costs.

Organisational change – manufacturing sites that are designed for the production of large volumes at low cost need to be adapted to niche products that require smaller batches. The more straightforward processes of large volume distribution to central customer warehouses may soon be a thing of the past.

Target markets



**Food and beverage industry
manufacturers and suppliers**

Our service proposition



Responsive

We care and are available when you need us. We reach out first and keep you informed. We handle things in a personal way.



Reliable

You see us a valued partner who understands your business, is transparent about what we're able to do for you and by when, who delivers on what we promise and offers superior service.



Results-focused

To offer solutions that meet your needs. We listen, innovate, share and apply our knowledge and expertise in ways that add value to you.

Our proposition for food and beverage industry clients



Knowledge & expertise

Applying our knowledge and expertise to develop industry specific solutions that address the key business risks of our clients.

- **Risk assessment for Nat Cat exposures**
World leading expertise in data-based risk assessment and the modelling of all natural catastrophe perils and related scenarios to food and beverage companies are exposed.
- **Risk engineering services**
Dedicated risk engineering specialists with expertise across property, casualty, risk areas.
- **Risk insights through Swiss Re Institute**
Through our partnership with the Swiss Re Institute, our clients can access unique industry insights - from bulletins, research publications, conferences and exclusive webinars.



Innovation

By 2050 there will be 9 billion people on our planet. Will we be able to feed a global population of that size? The answer partly lies with how we can innovate to protect farmers and food and beverage companies from rapidly changing risks. We see your complex risks as an opportunity and thrive on the challenge of creating a tailored insurance, reinsurance or other non-traditional risk management solutions.

- **Innovating for food security**
We offer insurance products, such as index-based solutions, that are cheaper and faster to deploy. We create incentives for buying insurance, for example by establishing insurance as collateral for production credit.
- **Financial protection for product recall losses**
Product recall is a business critical risk for the food and beverage industries. Recalls are occurring more frequently than ever and with greater potential financial impacts. Our broad product recall cover stands the test of market competition. We offer highly rated capacity.

- **Crisis management services for continuity of product supply**

For product recall or other incidents impacting on our client's ability to deliver for their customers, we can work out a solution to help the client protect crucial customer relationships.

- **Addressing business interruption risks in your supply chains**

Addressing risks in the supply chain, specifically around property damage and business interruption (PDBI), contingent business interruption (CBI) and non-damage business interruption (NDBI). Customised solutions can include cover for 'non-core' business interruption risks resulting from events that may not result in physical damage to the client's property.



Client centricity

Our commitment to our food and beverage clients is to meet their expectations and provide them with the risk and insurance solutions they need. We serve our clients through virtual, multi-functional teams. We understand that we stand or fall on the quality of service we provide to our clients and their broker partners.

- **PULSE – a comprehensive digital platform, with multiple insights at your fingertips**

Through PULSE our clients can monitor and manage their programmes from one secure and easy-to-use platform, with real-time information available wherever they are.

- **World class service globally**

Our food and beverage clients benefit from a newly established carrier network, world class technology and a high level of personal service. Our goal is to build a new reality in the world of global programmes.

- **Global claims commitment – accessible; responsive; no surprises**

We know that how a claim is handled can be as important as the outcome itself. Our mission is to deliver exceptional claims service that gives you confidence and peace of mind and makes you want to keep doing business with us.

NDBI trigger examples

- **Withdrawal of regulatory approval** or license to produce due to certain irregularities
- **Closure of production facility** – by order of an authorised regulatory body
- **Product recall**
- **Contingent business interruption** – due to non-physical damage affecting a key supplier
- **Financial collapse** of a key supplier
- **Bad press**
- **Transportation interruption** – causing serious delay to the delivery of goods or services
- **Natural hazards**, regardless of whether physical damage occurs to the client's locations
- **Cyber attacks** – malware, virus, denial of access, hacking
- **Political risks** – strikes, organised blockade, government actions, civil unrest
- **Terrorism** – affecting trade in a wide area
- **Blackout** – no electricity





Innovative Risk Solutions

Innovative approaches to the challenges faced by food and beverage companies, including:

Business objective	Solutions
Supporting business development	Protecting revenue streams from negative impacts such as adverse weather conditions
Protecting the client's critical revenue streams from defined adverse events	Covering contingent business interruption caused by physical damage to a relevant third party. Covering NDBI – for example from manufacturing irregularities leading to an interruption of production.
Implementing recovery measures from incidents impacting the client's reputation	Payments for measures to re-establish customer confidence, for an event impacting the client's reputation, which could otherwise adversely affect revenues.

Contaminated products insurance

A specialised insurance solution for global food and beverage companies domiciled in the EMEA region, including the producers of alcoholic and non-alcoholic drinks; baby food; health and dietary supplements; fruit, vegetables and nuts; bakery, confectionery and sweets; dairy and eggs; meat and seafood; ready-to-eat-meals.

Broad cover includes accidental contamination; governmental recall; malicious product tampering; product extortion; loss of profit; adverse publicity. This is combined with crisis management support, risk engineering services and claims expertise to deliver a comprehensive solution to clients.

A woman with blonde hair, wearing a white hairnet, glasses, and a white lab coat, is looking down at a tablet computer. She is wearing blue nitrile gloves. The background shows industrial machinery, including a large metal roller and a hopper filled with brown, irregularly shaped objects, possibly nuts or seeds. The scene is brightly lit, suggesting an indoor industrial or laboratory environment. A solid orange vertical bar is on the left side of the image.

“Broad cover includes accidental contamination; governmental recall; malicious product tampering; product extortion; loss of profit; adverse publicity.”

Delivering the service you need, when you need it



Understanding and mitigating the risks you face

- **Risk assessment for Nat Cat exposures**
Data-based risk assessment and application of models to all natural catastrophe perils and related scenarios.
- **Supply chain exposures from Nat Cat events**
Mapping the client's supply chain and identifying and mitigating bottlenecks that could result from Nat Cat events.
- **Continuity of product supply**
Crisis management services for incidents impacting the client's ability to deliver products to their customers.
- **Risk engineering services**
Dedicated risk engineering specialists with deep food and beverage expertise.



Transferring your risks to protect your balance sheet

- **Product recall cover**
Broad cover and highly rated capacity.
- **Non-damage business interruption (NDBI)**
Cover for losses resulting from events that may not result in physical damage to the client's property.
- **Contaminated Products Insurance**
Broad cover combined with crisis management support, risk engineering services and claims expertise to deliver a comprehensive solution to food and beverage clients.
- **Innovative Risk Solutions**
Supporting business development; protecting critical revenue streams; strengthening investor confidence; protecting the client's reputation.



Service excellence

- **Information about insurance programmes available real-time, 24/7, on any mobile device**
Clients can monitor and manage their insurance programmes from one secure platform.
- **World class service globally**
A new network, world class technology and a high level of personal service – making a new reality for global programmes.



Claims

- **Closely connected with you**
Before and after a loss – through integration between our Claims function and our business teams.
- **Trusting relationships**
Putting the customer experience at the centre of everything that we do, and by doing so building trust.
- **Claims knowledge and expertise**
Our claims experts genuinely care and want to achieve the right outcome for you and your business.
- **Consistently high quality service, globally delivered**
Locally focused and globally connected, so our team can give you the right expertise and support anywhere in the world.
- **Peace of mind**
Our industry-leading financial strength gives our clients peace of mind – we will be there when you need us.

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Swiss Re Corporate Solutions provides risk transfer solutions to large and mid-sized corporations around the world. Its innovative, highly customised products and standard insurance covers help to make businesses more resilient, while its industry-leading claims service provides additional peace of mind. Swiss Re Corporate Solutions serves clients from offices worldwide and is backed by the financial strength of the Swiss Re Group.

For more information about Swiss Re Corporate Solutions, please visit corporatesolutions.swissre.com or follow us on Twitter [@SwissRe_CS](https://twitter.com/SwissRe_CS).