Industry focus – transportation services
Swiss Re Corporate Solutions is here to protect you and enable your progress.

We’re smarter together.
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The industry specific solutions we offer address the key business risks faced by transportation services companies – including airlines, aerospace, railways, shipping and travel services companies – gained from our experience of working with clients across the industry. These solutions tackle key risk areas such as Nat Cat exposures and non-damage business interruption (NDBI).

Our specialist teams of underwriters, risk engineers and claims professionals partner with the Swiss Re Institute to ensure our knowledge and expertise of the transportation services industry remains highly relevant and insightful for our clients and brokers.

We back this up organisationally with multi-functional teams in key markets, working with clients in the transportation services sector, and cross-disciplined transportation industry experts across Europe, the Middle East and Africa. The risks faced by our transportation services clients are changing fast and so are we. We see new and complex risks as an opportunity and thrive on the challenge of creating innovative solutions with our transportation services clients and brokers.

Our multinational transportation industry clients can benefit from our global presence (in 140+ countries), world-class technology and a high level of personal service. We are responsive, reliable, and results-focused.

Please read on.
The client is a family-owned company that manufactures railway rolling stock. The client’s business is expanding into North America and other regions. The client won a large project for the modernisation and electrification of a Californian commuter rail line on the San Francisco Peninsula, one of the most vibrant commuting areas in the US. The State authorities required a performance bond, to protect them in the event of default by the contractor (SRCS’s client), so that local tax payers were protected from any potential financial burden. The amount of the guarantee required was USD 300m. The client was looking for a solution with a local (Swiss) insurer that had the necessary presence, licenses and expertise in the US State to issue the bond locally. We were able to offer a structured solution that met the client’s requirements.

As a result of the strong relationship we have with senior management in the client’s organisation and the trust they placed in us, we were asked to lead the placement and we were able to secure the total capacity required through a reinsurance arrangement, with two other insurers in the Swiss market participating as retrocedents.
Transportation services – key facts and risks areas

Competitive cost structures remain strategically important for business sustainability, alongside greater control in matching aircraft capacity to market demand.

Volumes across all segments are expected to grow in the short-term, with containerised and dry bulk commodities expected to record the fastest growth, at the expense of tanker volumes.

The uncertainty arising from wide-ranging geopolitical, economic, and trade policy risks has a negative impact on maritime trade.
We have been approached by aircraft operators to cover their financial exposure to weather, specifically the cost of de-icing planes. Aircraft operators factor the expected annual average cost of servicing into their business plans. Any volatility in costs could affect their ability to deliver their business plan, and meet the expectations of their investors. We created an index, with a formula covering temperature and the duration of lower than expected temperatures. Temperatures can be accurately recorded by weather stations, providing the independent data source. Payouts under our solution apply when the temperature is below zero for a period exceeding 14 days, compensating the client for costs exceeding budgeted costs in the business plan.

Rail networks have been designed and built using historical records of climate and weather events; climate change means these projections are no longer a reliable predictor.

Improvements to booking and ticketing allied with high-speed trains and on-board service are widening the use of trains for intercontinental travel.

Issues occur when vessels arrive at ports, including terminal congestion, conflicting interests within terminals, rail delays, chassis shortages and labour uncertainties.
Transportation services – tackling the key business risks

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<th>What impact does the Internet of things have on your business risk profile and how do you log these risks in your risk map?</th>
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<tr>
<td><strong>Internet of things/ Digitalisation</strong></td>
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<tr>
<td>1. With the <strong>Internet of things (IoT)</strong>, transportation companies can connect all devices across a centralised cloud network, giving them real-time visibility of their operations.</td>
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<td>2. <strong>Warehouse management</strong> to track inventory data reduces the costs of doing business, as transportation companies can have the right products in the right place at the right time.</td>
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<td>3. <strong>Fleet management</strong> systems that maximise productivity and operational efficiency, while minimising vehicle downtime.</td>
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<td>4. Implementation of <strong>smart ticketing systems</strong> in the passenger transportation industry, means simpler ticket purchase, reduces fraud, and enables operators to maximise capacity.</td>
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<th>How do you address risks related to the liberalisation of the transportation market and increase in consumer rights?</th>
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<td><strong>Liberalisation</strong> of the rail sector in Europe leads to increased competition for passenger and freight train operators. Operators are required to renew the rolling stock more frequently, while financing becomes more challenging, as governments tend to reduce their financial involvement in rail.</td>
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<td>The strengthening of <strong>the rights of rail passengers</strong> across Europe, resulting in greater compensation payments for train cancellations or delays.</td>
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<th>Which changes to the external environment most impact on your business?</th>
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<td><strong>Increasing density of people and goods in transit</strong> - urbanisation increases the demand for urban rail systems such as metro, light rail and monorail. As more people and goods are transported in crowded areas, the risk of accidents may increase.</td>
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<td><strong>Interconnectedness, globalisation</strong> - the transportation industry is striving for more connected and intelligent transportation systems. Integration and interconnection is critical to achieve ‘smart’ and sustainable cities and communities. This is leading to an increasing dependence on complex IT systems.</td>
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<tr>
<td><strong>Increasing adverse weather threat</strong> - severe weather conditions and Nat Cat events can interrupt transportation routes and can cause high costs, delays and negative economic impacts.</td>
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What impact has the increase in passenger capacity had on the exposure of your business to travel and transportation disruption?

**Increased passenger capacity**
The combined passenger capacity of the 10 largest airports in the world has risen from 640 million to 800 million in the last 6 years. This is just one example of how significant the exposure to travel and transportation disruption has become.

To **address delays or trip cancellations** in the transportation industry, we can offer cover for losses resulting from adverse weather or natural perils. Solutions can be adapted to meet the specific needs of the client’s activities.

Applying our expertise in modelling and linking payout triggers, we deliver tailored **parametric insurance** covers, which address key events and ensure fast payout.

Our team of credit and surety specialists support the transportation industry with solutions for their **bonding requirements**, including customs bonds and travel bonds.

**Target markets**

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<th>Air</th>
<th>airlines; product manufacturers; air traffic controllers; ground handlers</th>
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<tr>
<td>Rail</td>
<td>railways; railway stations</td>
</tr>
<tr>
<td>Road</td>
<td>highways; tunnels; bridges; rolling stock</td>
</tr>
<tr>
<td>Shipping</td>
<td>cruise lines; shipping companies; freight forwarders; ports</td>
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<tr>
<td>Travel</td>
<td>travel services</td>
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**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 transportation 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 which transportation services companies are exposed.

Risk engineering services
- Dedicated risk engineering specialists with expertise across property and 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 and exclusive webinars.

Innovation

Our clients’ risks are changing rapidly and in the same way they need to adapt fast, so do we. We see complex risks as an opportunity and thrive on the challenge of creating a tailored insurance, reinsurance or other innovative risk management solutions.

Supply chain studies for Nat Cat exposures
- Working with our clients to map supply chains and identify and mitigate bottlenecks that could result from Nat Cat events.

Business interruption risks in our clients’ supply chains
- Addressing supply chain risks, 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 (BI) risks, resulting from events that may not result in physical damage to the client’s property.
Client centricity

Our commitment to our transportation services clients is to meet their expectations and provide them with the risk and insurance solutions they need. We serve our clients through virtual, multifunctional 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 insurance programmes from one secure and easy-to-use platform, with real-time information available wherever they are.

World class service globally
- Our transportation clients benefit from a newly established 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

- **Natural hazards** — regardless of whether physical damage occurs to the client’s locations
- **Closure of production facility** by order of an authorised regulatory body
- **Contingent business interruption** due to non-physical damage affecting a key supplier
- **Financial collapse** of a key supplier
- **Cyber attacks** — malware, virus, denial of access, hacking
- **Blackout** — no electricity
- **Communicable disease**
- **Bad press**
- **Transportation interruption** — causing serious delay to the delivery of goods and services
Shipping – weather related parametric solutions

Weather related parametric solutions can also apply to the shipping Industry, in circumstances where river levels are low after a period of sustained hot and dry weather, meaning that ships may be unable to operate. As a result a client may have to use smaller ships, which could only operate less frequently.

Subsequently the client may have to close their shipping operations for a period, and move products by road instead. In these circumstances clients can experience loss of revenue, or increased costs, or both. We can protect shipping companies from the financial impact of these weather related risks.
### Innovative Risk Solutions

**Innovative approaches to the challenges faced by transportation services companies, including:**

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<tr>
<th>Business objective</th>
<th>Solutions</th>
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<td>Supporting business development</td>
<td>Extending the product warranty to cover additional situations, such as component malfunction. Protecting revenue streams from contractually agreed service/maintenance work where events affect the delivery of the chargeable works.</td>
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<tr>
<td>Protecting the client’s critical revenue streams from defined adverse events</td>
<td>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.</td>
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<tr>
<td>Strengthening investor confidence</td>
<td>Covering additional costs – for example through contractual obligations – or protecting revenues. Protecting critical revenue streams from defined adverse events.</td>
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<td>Implementing recovery measures from incidents impacting the client’s reputation</td>
<td>Payments for measures to re-establish customer confidence, for an event impacting the client’s reputation, which could otherwise adversely affect revenues.</td>
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“With the Internet of things (IoT), transportation companies can connect all devices across a centralised cloud network, giving them real-time visibility of their operations.”
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.

Risk engineering services
- Dedicated risk engineering specialists with industry specific expertise.

Transferring your risks to protect your balance sheet

A broad range of products to cover all your needs
- As a lead insurer, we offer a full range of insurance products to transfer your risks.

Non-damage business interruption (NDBI)
- Cover for losses resulting from events that may not result in physical damage to the client’s property.

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 over 50 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.