



ALTA SIGNA

# BANKS

A bank is a financial institution licensed to receive deposits and make loans to commercial enterprises and consumers. Banks can provide other financial services such as wealth management (private banking), debt & equity underwriting and mergers & acquisition advice (investment banking), currency exchange, securities trading and safe deposit boxes.

In most countries, banks are regulated and supervised by the central bank. To protect consumers and the broader economy, banks need to adhere to strict regulations that cover trading practices, capital levels, asset quality and liquidity.

The regulations aim to reduce a bank's exposure to credit risk (borrowers' deterioration of their credit standing or failure to comply with their debt obligations), market risk (financial losses due to adverse market movements in interest rates, equity indexes or foreign exchange rates), liquidity risk (inability to raise cash when needed), solvency risk (inability to absorb losses with available capital) and operational risk (inadequacy or failure of internal processes, people and systems).

A typical bank will have its own risk management department to constantly monitor, assess and adjust its core risk exposures. However, operational risks that occur very rarely can have a significant adverse impact on a bank's solvency position. A bank may want to transfer these risks to an insurance company.

*What types of operational exposures can a bank typically insure against?*

- Mistakes made by the board and the bank executives responsible for its risk management practices
- Theft and (computer) fraud by its employees or other external parties
- Electronic or physical alteration or falsification of documents
- Theft and robberies of money, securities or property
- Breaches, negligence and errors by the bank's investment advisors or wealth managers
- Mis-selling of investment and saving products by means of false or misleading statements in the product sheets, by means of non-disclosure of the true level of investment risk and/or the applicable charges and costs or by means of not assessing the customer suitability adequately
- Data theft and security breaches involving personal or confidential data
- Cyber-attacks causing system outage and business interruption

### ***What is the Alta Signa insurance product range for banks?***

- Directors and Officers Liability insurance which protects the bank's (supervisory) board and its executives against any financial loss from a potential management mistake or negligence.
- Public Offering of Securities Insurance ('POSI') insures the liability of the company directors, or the company and its financial and legal advisors, arising from the investment prospectus issued in connection with the raising of capital through an initial or secondary public offering of securities (such as shares and bonds). The policy covers one specific event, the issuance of a prospectus, for a multi-year period that matches the statute of limitation for the legal liability associated with the issuance of such document.
- Crime insurance which protects the bank against employees or external parties stealing monies, securities or property through fraudulent or criminal activity, both physically and electronically.
- Professional Liability or Errors & Omissions insurance which protects the bank against any negligence claim made by a customer.
- Cyber Security insurance which protects the bank against any cyber-attacks causing a data theft or breach or a system failure and business interruption.

### ***What maximum limit of liability does Alta Signa offer?***

Alta Signa can underwrite up to a maximum line size of €10 million any one loss and in the annual aggregate.

### ***What is the Alta Signa risk appetite for banks?***

Alta Signa's underwriting team targets European retail banks with strong solvency positions, healthy consumer and commercial loan portfolios, manageable sovereign debt exposures and a strong risk management culture. Alta Signa will retain a cautious approach towards investment banks, retail banks with large wealth management activities and retail banks domiciled in Portugal, Italy, Greece and Spain.



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## *Why Alta Signa?*

- Flexible products that can be tailored to suit a client's specific insurance requirements
- Multi-lingual underwriting team with in-depth understanding of the financial institutions sector
- Quality of service based on speed, transparency, collaboration, flexibility, knowledge and innovation
- Experienced and qualified claims team
- Financial strength and stability of its risk carriers

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