ALTA SIGNA

Alta Signa:

(RE)-INSURANCE COMPANIES

www.altasigna.com

Product Sheets:

(Re)-Insurance Companies

(Re)-Insurance Companies sell contracts or so-called policies in which they indemnify an insured or policyholder against losses from specific contingencies or perils in return for a risk premium. There are many types of insurance companies: life, accident & health, motor, household, commercial & industrial property and general third-party liability are the most common forms.

(Re)-Insurance Companies face prudential and conduct regulations that are developed at European Union level, with additional requirements from national regulatory bodies. The regulation is intended to give policyholders confidence that they will receive payment when they notify a claim.

The insurers' prudential requirements are set out in the 'Solvency II' EU directive. Pillar I of this directive sets out the rules for the insurers' valuation of their assets (such as their investments in bonds, shares and property) and their liabilities (including the money that gets paid out for claims). Pillar I also covers the insurers' capital requirements, the amount of funds that the insurers need to hold in reserve to cover their policyholders' claims with a 99.5% confidence level. Pillar II of the prudential regulation is all about corporate governance and risk management. This policy section sets out how insurers should be governed and identify, measure, monitor, mitigate and report risks to which they are exposed (such as underwriting, claims reserving, market, liquidity, credit and operational risks). Pillar III of the EU prudential regulation sets out what information insurers should report to the public and national regulator.

The insurers' conduct regulations aim to make insurance markets work well so that policyholders get a fair deal. It is intended to protect policyholders, enhance market integrity and promote competition. Traditionally there has been less EU harmonisation in this area than the prudential regulation and supervision. The **EU insurance regulator, European Insurance and Occupational Pensions Authority (EIOPA)**, is currently shifting its centre of gravity towards the insurers' conduct of business, addressing the need for a comprehensive risk-based and preventive framework for insurers' conduct of business supervision across the EU. The aim is to avoid and mitigate policyholder detriment caused by insurers' wrongful business practices and to eliminate regulatory arbitrage within the EU, leading to an unlevel playing field.

Similar to banks, a typical insurance company will have its own risk management department to constantly monitor, assess and adjust its prudential and conduct risk exposures. However, any violation of the prudential and conduct regulations may have a severe financial impact and an insurance company may want to transfer these risks to a third-party balance sheet.

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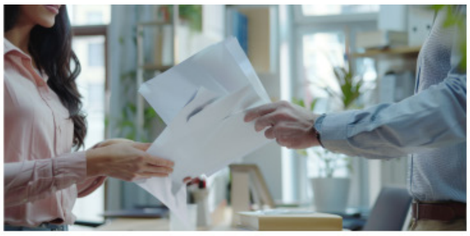
What type of exposures can a (re)-insurance company typically hedge against?

- Regulatory proceedings
- Breaches, errors and negligence by the board and company executives
- Claims by disgruntled policyholders for negligence or mistakes made in claims' settlements
- Mis-selling of insurance products by means of false or misleading statements in the product sheets, by means of non-disclosure of the applicable charges and costs, or by means of not assessing the customer needs adequately
- Theft and (computer) fraud by employees or other third parties
- Electronic or physical alteration and falsification of documents
- Data theft and security breaches involving personal or confidential data
- Cyber-attacks causing system outage and business interruption


What is the Alta Signa (re)-insurance product range for companies?

Alta Signa provides a full range of products for insurance companies, offering Directors & Officers Liability insurance, Public Offering of Securities, Professional Indemnity or Errors & Omissions insuranc and Cyber Security insurance. The products can be tailored to fit a diverse range of business needs.

What maximum limit of liability does Alta Signa offer?

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

(Re)-Insurance Companies

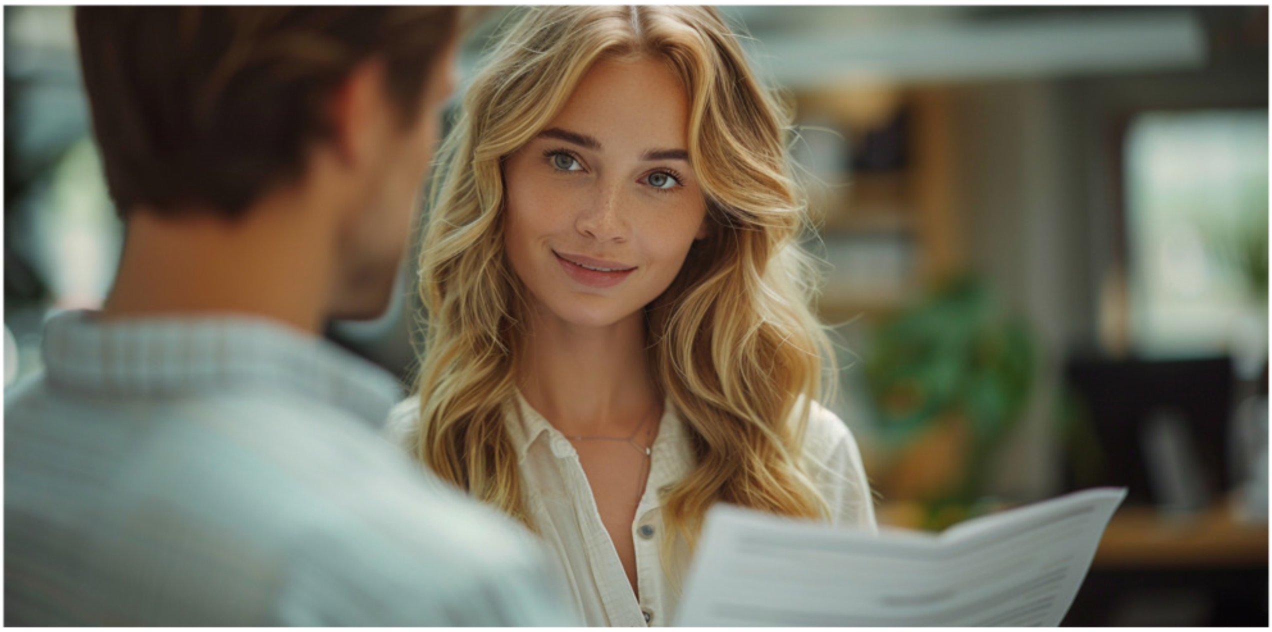
What is the Alta Signa risk appetite for (re)-insurance companies?

At Alta Signa, we have a broad appetite for (re-)insurance companies. Our risk analysis is very much focused on:

- The (re-)insurer's solvency position
- Type of products sold and their distribution
- US exposures
- Customer claims and complaints' handling
- Exposure to catastrophic or systemic events

We retain a more cautious approach towards:

- Life insurance companies
- Insurance companies with large retail asset management activities
- Mono-line insurers
- US bad faith claims exposure



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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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