

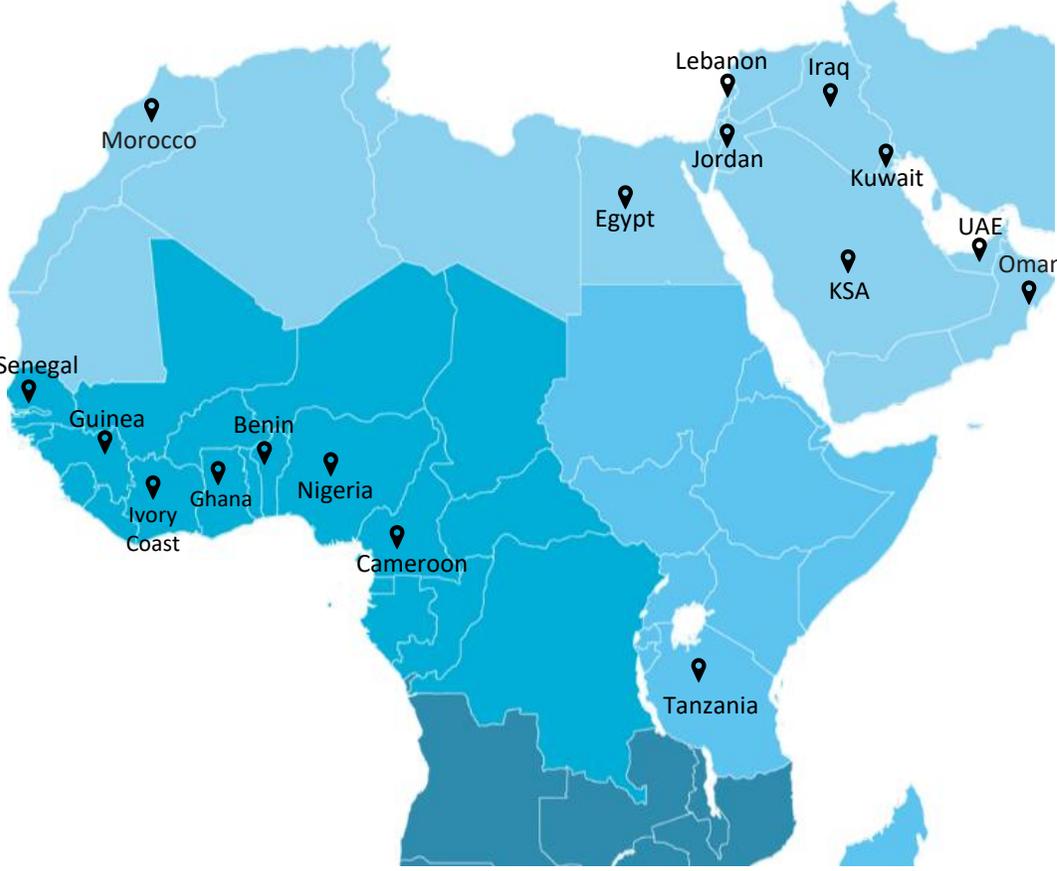
# Audit Role in Insurance for Banks



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# 1. IBH & Group – General Overview



**30 years of Regional Experience**

**Over \$400 Million in managed premiums**

**Consulting and risk management for Government and large Institution**

**Extensive experience in Banks Lenders Insurance structuring**

**Proven savings track record of more than 15%**

**Recovered Over \$1 Billion of Disputed Claims**

**Global reach through GBN in 120 countries  
Over \$9 Billion in premiums**

**Global Reinsurance Access**

## 2. The Importance of Insurance for Banks

To ensure proper protection, banks should consider a range of insurance options, including but not limited to the following:

- Bankers Blanket Bonds
- Property / Physical Assets & casualty insurance
- Cyber insurance
- Directors & Officers insurance
- Other important insurances, such as Political Violence

These types of insurance can help **mitigate complex risks that banks face.**

**Uncovered Risks** can put Banks into serious subsequent challenges such as:

- **Reputation Risk:** which is very vulnerable and challenging especially in the MENA countries.  
(ex: Cyber attacks can damage the reputation of banks if they are not well covered)
- **Financial Damages:** especially when it comes to big claims which can create losses and directly hit the Banks's equity and Capital Adequacy.  
(This can be a major threat to small/middle sized local banks with modest equities)

# 3. How to Achieve Proper Insurance Coverage

## How to ensure that a Bank is well Covered by Insurance?

Given the high risks involved, the sensitivity of the banking industry, and the ultimate goal to protect the Depositors, it is advisable that the country's **Regulator** (i.e. the Central Bank or the Control Commission) decides on and sets the **minimum requirements** for Insurance coverages.

Nevertheless, most Regulators in the MENA do not impose such rules. Accordingly, and as many Banks usually lack the advanced expertise in Insurance, is it therefore always advisable to appoint a **3<sup>rd</sup> Party Insurance Expert** to conduct the following tasks:

1. **Assess all the risks and the Sums to be Insured:** Establish accurate values for assets, limits and sums insured.
2. **Defining Coverage:** Consultants translate the bank's risk into insurance wording, ensuring no critical exposures (cyber, fraud, professional liability, data loss) are left uninsured.
3. **Prepare the Request for Proposal (RFP)** and the Technical Slips to procure the best insurance coverage from the market.
4. **Ensure the best procurement practice** in alignment with the Bank's corporate governance and policy.

## How to ensure that the Insurance Requirements are well implemented?

### Role of Audit in Supporting Regulatory and/or Policies Compliance

- **Audit linkage:** whether insurance requirement are imposed by Regulators or not, banks need to ensure adequate protection through internal insurance audit, if available, to make sure that all terms and conditions are met.
- **Proactive risk management:** When applicable, this also requires working closely and proactively with responsible staff and/or the appointed 3<sup>rd</sup> Party Experts to continuously re-assess bank exposures and he appropriate mitigation strategy.

### Role of Audit in Enhancing Confidence

- **Corporate Governance:** The existence of well-structured insurance programs and Audit signals mature risk governance.
- **Audit perspective:** Internal auditors can present insurance integration as part of assurance reporting to audit committees and BODs.
- **Strategic impact:** This builds investor, regulator and client trust—showing that the institution manages risk holistically.

# 5. The Overlooked Synergy: Audit and Insurance

## Value in collaboration

### Insurance Helps Auditors to:

- Conduct a Survey/Tests to assess and identify all risk exposure before they materialize.
- Quantify risk exposure and required coverages.
- Ensure adequacy for the transfer of risks from Banks to Insurers.
- Bridge financial gaps for operations continuity during business interruption and crisis.

### Transforming Claims Data into Audit Intelligence

- **Learning from loss patterns:** Claims histories provide rich data on the types, frequency, and severity of incidents.
- **Audit application:** Audit can use this data to identify recurring control failures or risk concentrations.
- **Strategic application:** Continuous feedback from insurance losses allows management to design targeted mitigation and training programs.

### Key Takeaways

- **Insurance should not be seen as a post-event safety net.**
- **Instead, and when engaged properly, Insurance can pro-actively support and strengthen Audit functions through dynamic mechanisms and data intelligence.**

# Thank you

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