

COVERAGE IN ACTION

EXAMPLES OF INSURANCE AT WORK

Crime Insurance

While you may think your business would never be the victim of theft, the harsh reality is that nearly every business can become a victim. In this day and age, thieves (including your employees) do not need direct access to cash to steal from you—merchandise, supplies and securities are all fair game.

While standard commercial insurance policies may provide some protection from criminal acts, they often do not cover losses resulting from fraudulent activities. Crime insurance was developed to deal with the limitations of other policies and extend protection to include coverage for a wide variety of wrongdoing.

Claims Scenario: *Check Please*

The company: A retail company specializing in consumer goods.

The challenge: Crime and fraud can affect businesses from many directions. Worse still, organizations can fall victim to these malicious acts due to the actions of employees themselves.

The vice president of finance at a national retail company created false vendor invoices. Simply by altering checks, the employee was able to embezzle \$1.2 million over a 10-year span. As you can see, scams like these can persist for years, and many organizations don't catch on until it's too late.

Crime insurance in action: Simply put, any employee that has access to checks or financial information represents a crime and fraud exposure. Even directors, officers and other high-ranking officials pose a threat to a company's bottom line.

Crime insurance can help organizations recover from the financial impact of fraudulent acts and the misuse of funds. What's more, crime insurance can provide coverage from a variety of expenses related to business interruptions, recovering data, stolen funds and forensics.

Claims Scenario: *The Phish are Biting*

The company: A design firm with minimal IT security.

The challenge: A design firm that uses their computer systems to store build files and other intellectual property was recently the target of a phishing attack. The firm received an email from their bank, advising them of a new security program.

One of the company's employees opened the email, which infected the firm's network with malware. From there, cyber criminals were able to obtain the insured's banking and password information and initiate a fraudulent electronic wire transfer. In total, the hackers' actions cost the organization nearly \$700,000.

Crime insurance in action: Computers and emerging technologies have made it easier than ever for employees to carry out crimes against their employers. Crime insurance can provide a crucial layer of protection for any money or securities lost via computer fraud, which is an important piece to an effective cyber risk management program.

This is especially important when you consider that attacks like the one described above are increasing in popularity. Without the proper protection and coverage, businesses could have all of their assets drained with little to no recourse.

Learn More About Crime Insurance

As a leader within your organization, you want to trust your employees, the general public and the people you do business with. However, the reality is that no business is immune to the threat of crime and fraud. In fact, the Association of Certified Fraud Examiners estimates that a business can expect to lose 5 per cent of its revenue to fraud each year.

Even if your organization takes the necessary precautions, you could still end up the victim of employee fraud and similar crimes. The only way to ensure your company has the protection it needs is through crime insurance. To discuss your unique risks and to learn more about crime insurance policies, contact your insurance broker today.

Talk to an Expert

Horst Insurance
(800) 533-2011
<http://www.HorstInsurance.com>

Benefits of Crime Insurance

- **Coverage for the misuse of funds**—It is likely that a number of your employees have access to company funds or financial information. In some cases, employees may abuse this access for personal gain. Crime insurance can protect organizations from the misuse or illegal transfer of funds, ensuring your finances are safe from internal criminal acts.
- **Extortion safeguards**—While it can be difficult to imagine, employees and outside actors can extort a company for funds by holding a director or officer hostage or through other illegal methods. Without crime insurance, your organization would have no means to recoup these losses, which could devastate your bottom line.
- **Insurance for goods in transit**—Goods in transit are particularly vulnerable to employee theft and, in some cases, organizations may not notice anything has been stolen until it is too late. What's more, if the theft takes place outside of the organization's premises, it can be difficult to prove, often leading to drawn out and expensive legal battles. Crime insurance policies can provide ample protection for goods in transit and reduce the likelihood of extreme losses whenever you send or receive products.
- **Coverage for forgery and alteration**—In some cases, your employees have access to cheques that they can easily alter for their own gain. Effective crime insurance policies provide coverage for losses that result from the forgery or alteration of a cheque.