

# Crime & Fidelity

COVERAGE IN ACTION



## The Value of Crime Coverage: Claims Illustrations

Virtually every business owner carries some form of crime risk, be it embezzlement by an employee, malicious actors perpetrating electronic fraud, or simple theft of goods. Perpetrators no longer require direct access to cash to steal from you – merchandise, supplies, and securities are all potential targets.

While some standard commercial insurance policies offer some level of protection against criminal acts, they often fall short when it comes to covering losses resulting from fraudulent activities.

Crime insurance is specifically designed to address these gaps and extend coverage to encompass a wide range of wrongful acts.



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### CHECK ALTERATION

*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. Scams like these can persist for years, and many organizations often don't catch on until it's too late.*

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.

### PHISHING ATTACK

*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 then able to obtain the insured's banking and password information and initiate a*

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*fraudulent electronic wire transfer. In total, the hackers' actions cost the organization nearly \$700,000.*

Computers and emerging technologies have made it easier than ever for bad actors to carry out crimes against businesses and unsuspecting recipients.

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 along with cyber and data breach coverage.

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.

## Additional Benefits of Crime Insurance

### 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.

### 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.

### FORGERY & 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 or financial instrument.

## Protecting Your Business

No business is immune to the threat of crime and fraud - 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 fraud and similar crimes. Crime insurance provides the necessary protection for your business should those preventative measures fail. To discuss your unique risks and to learn more about crime insurance policies, contact us today.



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