



Rethink the Need for Crime Insurance

Private companies and not-for-profit organizations, regardless of size, are exposed to a variety of crime losses including the most common - employee theft. Nearly all these organizations trust their employees with their financial assets and company property. Many times companies don't have the controls in place to prevent their employees from committing theft or fraud. What's more, most property and GL policies do not provide high enough limits or comprehensive coverage to protect an organization's assets against employee crime. OneBeacon Management Liability can help you with your crime coverage needs, whether it involves coverage as part of a package or on a standalone basis.

Consider these statistics* to help determine the need for crime coverage:

- The most costly abuses tend to occur in companies with less than 100 employees.
- Employees who have been with a company more than five years steal twice as much.
- The amount stolen annually from U.S. business by employees is \$50 billion.
- An average company in the U.S. loses about 6% of its total revenue to white collar crime committed by its own employees.
- 30% of businesses fail/go bankrupt because of employee theft.

Additionally, new and emerging social engineering exposures have heightened the risk of crime related losses. Even the most protected organizations fall victim to these types of schemes.

*Statistics taken from the FBI and by the Association of Certified Fraud Examiners.

Claims Scenarios

Please consider these claim scenarios. While they may seem extreme, claims such as these are a reality. Crime coverage* offered by OneBeacon Management Liability can help protect a variety of organizations from a wide range of crime-related exposures.

- The controller of a nursing home made more than \$1,400,000 in unauthorized payments from the company's bank accounts to herself, her daughter and others for her benefit, and then manipulated the company's accounting records to conceal the theft for years.
- The office coordinator of a communications company made nearly \$545,000 in personal, non-business related purchases on the company's corporate credit card, and then manipulated the credit card statements and altered vendor receipts to disguise the theft.
- A long-term employee of a hospital was making purchases for her own use using corporate credit card accounts totaling \$290,000. The employee also covered up the purchases by forging checks to make payments on the credit card accounts involved.

*Coverages may be underwritten by one of the following insurance companies: Atlantic Specialty Insurance Company, Homeland Insurance Company of New York, Homeland Insurance Company of Delaware, OBI America Insurance Company and OBI National Insurance Company.

This material is intended as a general description of certain types of insurance coverages and services. Coverages and availability vary by state; exclusions and deductibles may apply. Please refer to the actual policies or consult with your independent insurance advisor for descriptions of coverages, terms and conditions. Some coverage may be written by a surplus lines insurer through a licensed surplus lines broker. Surplus lines insurers do not generally participate in state guaranty funds and insureds are therefore not protected by such funds.



- The accounting manager for a media company received an email purportedly from the company's chief operating officer, directing the accounting manager to wire a \$34,000 payment to a vendor. The COO's email account had been hacked, the email was fraudulent and the money was wired to an unknown party. The fraud was discovered when the vendor contacted the company inquiring about the status of payment.
- An employee of a nursing home was being investigated for missing patient funds in the amount of \$15,000 and embezzlement for \$100,000 in disbursements from a terminal patient. The insured discovered that this employee had previously served time in a federal prison for embezzlement and bank fraud for which she did not pay her restitution.
- Third party represented themselves as a legitimate customer of the insured's, and the insured in turn shipped inventory based on their instructions. After processing an additional similar order, the insured learned that the third party they had been dealing with was in no way connected to a legitimate customer. As a result, the insured sustained a loss of \$131,850 for the total costs of the shipped goods for the two orders.
- The controller of an energy company received emails purportedly from the CFO requesting three invoices be paid by bank transfer. The controller completed the transfers totaling \$221,000 and the insured then discovered fraud on the request for the third transfer.

**Coverages may be underwritten by one of the following insurance companies: Atlantic Specialty Insurance Company, Homeland Insurance Company of New York, Homeland Insurance Company of Delaware, OBI America Insurance Company and OBI National Insurance Company.*

This material is intended as a general description of certain types of insurance coverages and services. Coverages and availability vary by state; exclusions and deductibles may apply. Please refer to the actual policies or consult with your independent insurance advisor for descriptions of coverages, terms and conditions. Some coverage may be written by a surplus lines insurer through a licensed surplus lines broker. Surplus lines insurers do not generally participate in state guaranty funds and insureds are therefore not protected by such funds.