

What is Commercial Crime (Fidelity) Insurance?

Commercial Crime insurance offers protection against the theft of a company's cash or securities, or their clients' money or assets while in the company's possession or control.

Why do I need a Commercial Crime Insurance policy?

Although most companies work to create solid internal controls and believe they hire trustworthy employees, there's always the chance that those trusted individuals could go astray. Cyber theft is another significant and growing area for commercial crimes. Bank accounts can be compromised by experienced hackers and novices alike. A company's assets are at risk for wire transfer fraud, as well as employee theft. Standard liability policies do not typically cover these exposures. Having a standalone commercial crime policy allows you to customize coverage to the specific needs of your business.

What does a Commercial Crime Insurance policy cover?

A typical commercial crime policy is divided into several coverage parts. A company may buy one or all coverage parts depending upon the industry and the carrier. A summary of the coverage is as follows:

- Employee Theft
- Burglary/Robbery
- Forgery & Alteration
- Fraudulent Money Orders
- Wire Transfer Fraud
- Counterfeit Money
- ERISA/Employee Dishonesty
- Assets/Monies in Transit
- Theft of Client's Property of Securities



Who needs Commercial Crime Insurance?

Any company or non-profit organization is at risk of theft of their money or securities. If a business has commercial bank accounts, it's important to know that their corporate bank accounts are not afforded the same protections under the FDIC as personal accounts. Almost any business with a bank account is vulnerable to wire transfer, ACH fraud or forgery and alterations risk. Any organization that handles monies or securities of others in addition to their own needs commercial crime insurance.

Why choose Axis Insurance Services?

Unlike most brokers, our professionals specialize in professional liability and are nationally recognized. Our years of expertise in the industry allow us direct access to high-quality insurance carriers, extremely competitive rates and the ability to customize insurance solutions to meet the needs of our clients. Call us for a quick review of your current policy to ensure you and your business are properly protected.

Statistics

Currently, it's estimated that U.S. companies lose more than \$40 billion annually due to employee fraud. Recent studies have confirmed that most of the harm comes from employees, not from a disreputable bookkeeper.

- **80%** of workplace crime is carried out by employees
- One in four employees has either committed or witnessed workplace fraud and abuse
- **25%** of employees who commit fraud against their employer has been with the company for 10+ years
- Only one in three of those who have witnessed a workplace crime bother to report it



Claim Scenarios:

Property Manager

Over a period of 15 years, a successful Property Manager built a following of several Home Owners' Associations (HOAs). He was in charge of all of the financial operations of the HOAs under his management including the collection of dues and payment of expenses. However, he had a severe gambling habit. When his own savings ran low, he began to "borrow" funds from the various HOAs he was managing. His "borrowing" evolved into a Ponzi scheme. At the end of his run the HOAs were out over \$1 million. This is a classic example of what happens when there is no separation of duties.

Stolen Corporate Funds

A company executive delegated her secretary to set up travel arrangements and gave the secretary a corporate credit card and account information for payment. The secretary used the given information to make purchases of their own for personal purchases. The executive sued against the secretary for \$800,000.

Security Breach

A small escrow company handled transactions primarily for residential sales. There was a breach in their security and a half a million dollars was wired out in 26 individual wire transfers. When the company was finally aware of what was happening, they contacted their bank and put a freeze on the account. The bank tried to recover the funds by contacting the financial institution where the wire transfers had gone directly. The escrow company was held liable for lost funds of their clients. The suit settled for \$1.5 million.

These are only claims examples: minor changes from actual suits have been made to protect the confidentiality of all clients.

Contact our experts today to find out how you can protect your business.