

Crime Coverage

Valuable protection your business can't do without

“I have Crime coverage on my Property insurance policy, so why do I need to purchase a separate Crime policy?”

You've worked too hard and sacrificed so much to make your business succeed. So don't let the actions of dishonest individuals put your business at financial risk. Although property insurance policies often include coverage for employee theft and other acts of crime, it is limited in both the scope of coverage that's provided and in the amount of coverage you can purchase.

Now is the perfect time to make sure your business is protected. The Hartford offers Crime insurance that covers:

- Employee theft
- Forgery
- Computer fraud
- Theft of goods on your premises and in transit

In addition, The Hartford offers other important Crime coverage extensions that are not found in most property insurance policies.

Key Statistics About Employee Theft

You may be surprised to learn that:

- Privately held companies suffered the median loss of \$123,000 from employee theft, larger than that of public companies, government agencies and not-for-profit organizations.*
- The average organization lost about 6% of its total annual revenue to employee fraud and abuse in 2003.*
- The typical perpetrator is generally a first-time offender with no prior convictions for fraud-related offenses.*
- The position a perpetrator holds will tend to have the most significant effect on the size of a loss. For example, employees who commit fraud cause median losses of \$62,000, while managers cause median losses of \$140,000, and executives cause median losses of \$900,000.*
- Given their relative size, small businesses (those with less than 100 employees) are the most vulnerable to occupational fraud and abuse. The average scheme in a small company causes \$98,000 in losses.*
- The average fraud scheme lasted 18 months before it was detected.*

continued

*Association of Certified Fraud Examiners,
www.cfenet.com/media/statistics.asp



Examples of Employee Theft

Here are examples of the types of theft that can occur at midsize companies:

- A secretary used disappearing ink to make more than \$800,000 vanish from her boss's bank accounts. The secretary used quick-fading ink to write checks that her managing director had requested. After the managing director signed the checks, the secretary would easily erase the name of the payee and rewrite the checks for cash.
- A bookkeeper for a surgery center embezzled nearly \$330,000 from her employer. The bookkeeper forged hundreds of checks, made unauthorized ATM and other withdrawals from corporate checking accounts, and hid and destroyed bank records to cover up her actions. The bookkeeper wrote weekly payroll checks to herself, each for hundreds of dollars more than her gross salary.
- Over a 7-year period, a computer programmer ordered more than 500 laptop computers on behalf of his company. The employee would personally accept the overnight delivery of the laptops and then load them into his car. He would then sell the laptops and pocket the proceeds. He was able to cover up this scheme because he was the only one authorized to approve invoices for payment to this vendor company. The check signers who paid the invoices never asked any questions because this person was thought to be a trusted employee. Loss to the company was \$2,000,000.

**“WHY SHOULD
I CHOOSE
CRIME
INSURANCE
FROM
THE HARTFORD?”**

Decide for Yourself

To find out, answer these quick questions to see if our coverage meets your needs.

1. *Does your company have annual sales in excess of the limit of Crime insurance you currently purchase?*
 Yes No
2. *Does your company employ a bookkeeper/accountant who is responsible for both the accounts payable/receivable and ledger functions?*
 Yes No
3. *Have you hired any employees in the past without conducting criminal background checks?*
 Yes No

4. *Does your company accept payments or make payments using cash or checks?*

Yes No

5. *Does your company use vendors without having a master vendor list that is reviewed monthly to check for false vendors or payments?*

Yes No

6. *Is casino gambling or any other legalized gambling available in areas where your employees live?*

Yes No

If you answered “Yes” to two or more of these questions, then Crime insurance from The Hartford is the right choice for your business.

To Learn More

For more information about Crime coverage from The Hartford, visit us on the Web at www.hfpinsurance.com.

The scenarios summarized above are offered only as examples. Coverage depends on the actual facts of each case and the terms, conditions and exclusions of each individual policy. Please refer to the policy to determine all terms, conditions, exclusions, and limitations of coverage. Coverage is provided by The Hartford companies and may not be available in all states.