



# FINANCIAL AND PROFESSIONAL SERVICES MANAGEMENT LIABILITY

## Wrap+ FIDELITY/CRIME COVERAGE

# CRIME DOES PAY, BUT ONLY FOR THOSE WHO ARE DOING THE STEALING

Employee dishonesty is costly and pervasive, with small businesses being the most vulnerable to occupational fraud and abuse. While your internal controls are extremely important, they are not foolproof in preventing employee dishonesty. The most common method for detecting occupational fraud in privately held companies is simply by accident. The second most common method is through tips from employees, customers, vendors, and anonymous sources. Maintenance of strong, enforceable internal controls should be a priority for any entity. Internal controls, no matter how well conceived, frequently fall short of stopping a trusted employee from engaging in fraudulent activity. Fidelity and crime coverage provides an important backstop against the actions of a thieving employee.

Knowing these facts, how can any private business or non-profit organization, large or small, afford to be without fidelity and crime coverage? Keep your assets protected with the crime coverage of **Wrap<sup>+</sup>**.

Not all fidelity and crime policies are the same, and policy comparisons can be misleading.

**Check and see how their policy stacks up... there is a difference!**

	Wrap <sup>+</sup>	Their Policy	
<b>Key Policy Features That Provide Peace of Mind Protection</b> <ul style="list-style-type: none"> <li>• Discovery based policy trigger (provides uninterrupted coverage, reaching back across organizational history, regardless of prior policy structure)</li> <li>• Automatic coverage for Subsidiaries</li> <li>• Automatic coverage for Employee Benefit Plans</li> <li>• An Employee definition that includes an array of individuals who support the regular organizational operations</li> <li>• A Fiduciary definition that includes the necessary non-professional Employee Benefit Plan asset handlers</li> <li>• Worldwide coverage</li> </ul>	<input checked="" type="checkbox"/> Yes  <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes	<input type="checkbox"/> Yes  <input type="checkbox"/> Yes <input type="checkbox"/> Yes <input type="checkbox"/> Yes <input type="checkbox"/> Yes <input type="checkbox"/> Yes	<input type="checkbox"/> No  <input type="checkbox"/> No <input type="checkbox"/> No <input type="checkbox"/> No <input type="checkbox"/> No <input type="checkbox"/> No
<b>Multiple Insuring Agreements Provide Fraud Protection for these Additional Crime Exposures</b> <ul style="list-style-type: none"> <li>• Employee Theft of Client property</li> <li>• Loss of Money, Securities and Other Property on your Premises or Banking Premises</li> <li>• Loss of Money, Securities and Other Property while in transit</li> <li>• Loss from acceptance of unpaid money orders and Counterfeit Money (including coins and travelers cheques)</li> <li>• Loss from Forgery or alteration of Covered Instruments</li> <li>• Loss from Computer Crime (including Computer Fraud and Computer Program and Electronic Data Restoration Expense)</li> <li>• Loss from Funds Transfer Fraud</li> <li>• Claims Expense</li> </ul>	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes	<input type="checkbox"/> Yes <input type="checkbox"/> Yes <input type="checkbox"/> Yes <input type="checkbox"/> Yes <input type="checkbox"/> Yes <input type="checkbox"/> Yes <input type="checkbox"/> Yes <input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> No <input type="checkbox"/> No <input type="checkbox"/> No <input type="checkbox"/> No <input type="checkbox"/> No <input type="checkbox"/> No <input type="checkbox"/> No
<b>Termination as to any Employee – \$25,000 threshold relating to known fraud</b>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Dedicated Limits of Insurance for Employee Theft Exposures</b> These limits of insurance are not shared in the event of an employee loss scheme. <ul style="list-style-type: none"> <li>• Employee Theft or Forgery to protect the assets of the organization</li> <li>• Employee Theft or Forgery to protect the assets of the organization's Employee Benefit Plans</li> <li>• Employee Theft or Forgery to protect the assets of the organization's Client</li> </ul>	<input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes	<input type="checkbox"/> Yes <input type="checkbox"/> Yes <input type="checkbox"/> Yes	<input type="checkbox"/> No <input type="checkbox"/> No <input type="checkbox"/> No



## FIDELITY/CRIME CLAIM EXAMPLES

\$1,100,000	An officer and the managers of shipping for a cutlery manufacturer colluded to load trucks with merchandise for later sale at flea markets and small retail shops, while pocketing the proceeds. The controller ultimately reported the scheme to the company.
\$47,000	A job foreman was given a company credit card to handle miscellaneous purchases at the satellite office. He made some miscellaneous purchases, but they were actually for fixtures at his personal residence.
\$345,000	A regional sales director took on additional inventory of computer software products for alleged seasonal sales pushes. In reality, a portion of that inventory was sold 'out the back door' unbeknownst to corporate headquarters. That same sales director had been named "Employee of the Year" several times over his 17-year career.
\$244,000	An employee altered company deposit slips after they were approved by the owner of the company. The employee would prepare two deposit slips, with one putting funds into the company's account and the other putting funds into the employee's bank account. The embezzlement continued uninterrupted for three years because the employee handled both bookkeeping and deposit activities for the company. As a result of this sizeable loss, the employer was forced to lay off several valued employees.
\$1,900,000	A payroll clerk at a remote facility of an auto parts manufacturer had access to payroll cheques and vacation cheques. Over an eight-year period, the clerk issued duplicate vacation cheques when vacation pay was legitimately requested by employees. The clerk converted the proceeds from the duplicate cheques for her own use.
\$260,000	An executive secretary at an engineering firm submitted duplicate expense account requests for executives' credit card bills. Payments were made directly to the employees. The secretary submitted the duplicate expense accounts under her own name and account. She converted the duplicate payments for her own use over a four-year period.
\$1,600,000	In less than a year, a sales supervisor caused a loss of \$1.6 million to his employer, a manufacturer of electronic parts. The employee converted payments for his own use, which were due from purchasers of genuine manufactured and delivered goods. An attempt was made to cover up the loss by substituting fraudulent cheques drawn upon other third party entities. The manufacturer was underinsured and only \$500,000 was paid by insurance, leaving the company on the hook for \$1.1 million.
\$1,67,000	Four employees, working in collusion, defrauded their employer through a phony billing scheme. The employees, including a supervisor, established fictitious vendors and submitted bills for work performed by other genuine vendors. The employees converted the bill payments for their own use.
\$1,67,500	<b>Employee Benefit Plan</b> - A plan trustee and owner of a company was using money from an Employee Benefit Plan to pay business expenses of the Named Insured, as well as expenses of other businesses owned by the trustee/owner.



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