

Why Buy Crime Insurance?

Organizations around the globe lost an estimated **\$3.7 trillion** to fraud in 2014 alone.*

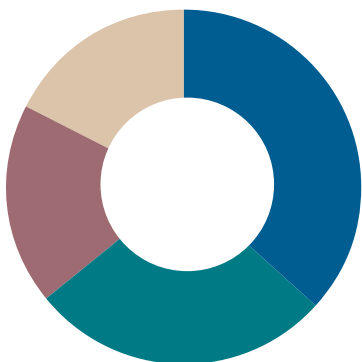


Primary Internal Control Weakness Observed by Certified Fraud Examiners*



- 29.3% Lack of Internal Controls
- 19.4% Lack of Management Review
- 20.3% Override of Existing Internal Controls
- 10.4% Poor Tone at the Top
- 6.4% Lack of Competent Personnel in Oversight Roles
- 5.9% Other
- 4.2% Lack of Independent Checks/Audits
- 2.0% Lack of Employee Fraud Education
- 1.6% Lack of Clear Lines of Authority
- 0.5% Lack of Reporting Mechanism

Most Common Behavioral Red Flags That are Often Associated with Fraudulent Conduct*



- 46% Living Beyond Means
- 30% Financial Difficulties
- 21% Unusually Close Association with Vendors or Customers
- 15% Wheeler-Dealer Attitude

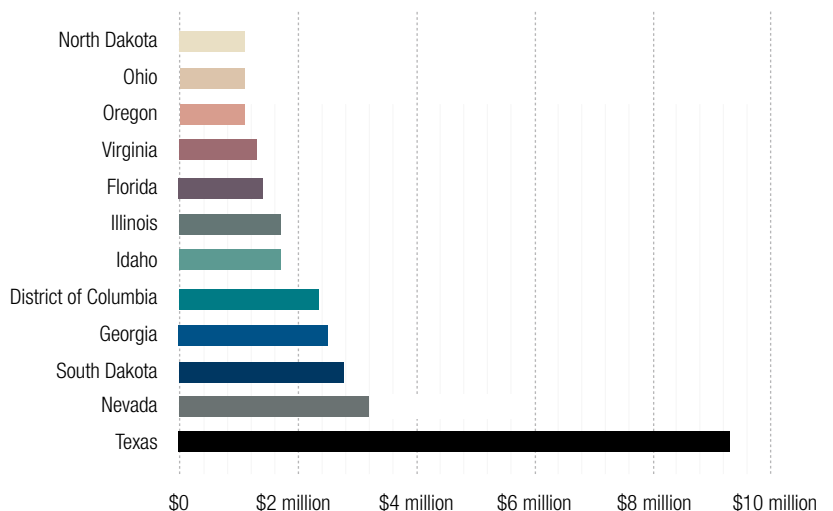
Fast Facts*

- The typical organization loses 5% of revenues in a given year as a result of fraud.
- More than 23% of occupational fraud reported resulted in a loss of at least \$1 million.
- Corruption and billing schemes comprised more than 50% of frauds reported.
- The smallest organizations suffered the largest median losses.
- Industries most commonly victimized by occupational fraud are the banking and financial services, government and public administration and manufacturing sectors.
- 76% of occupational frauds came from seven key departments: accounting, operations, sales, executive/upper management, customer service, purchasing and finance.
- 58% of victim organizations do not recover any losses that they suffer due to fraud.
- Perpetrators with higher levels of authority tend to cause much larger losses.
- The longer a perpetrator has worked for an organization, the higher fraud losses tend to be.

Profile of a Fraudster*

- 88%** have never been charged or convicted of a prior offense
- 56%** of perpetrators are in a management position or higher
- 55%** are between the ages of 31 and 45
- 47%** possess a college degree
- 69%** are male

Top 12 U.S. States with the Highest Average Loss **



Common Methods of Theft

The following data is from the 2013 Marquet Report on Embezzlement. 528 cases in the study.

	Category	Number of Schemes	Total Amount Lost	Percent of Total Lost
	Payroll Scheme: A scheme that involves the manipulation of the payroll system in order for the perpetrator to receive additional funds.	39	\$166,260,000	28.0%
	Forged or Unauthorized Checks: A scheme in which the perpetrator draws funds from company checks that are forged or issued without authorization.	197	\$139,118,000	23.4%
	Theft of Cash Receipts: A scheme that involves the taking of cash or checks meant for company receipts.	107	\$79,088,000	13.3%
	Unauthorized Electronic Transfers: A scheme that involves the unauthorized transfer of funds to the benefit of the perpetrator.	69	\$69,399,000	11.7%
	Bogus Loan Scheme: A scheme that involves fraudulent loans created or authorized by a perpetrator for his or her own benefit.	31	\$50,777,000	8.5%
	Vendor Fraud: A scheme that involves the creation of a bogus vendor, or collusion with a real vendor, which allows the perpetrator to siphon funds from a company.	29	\$47,919,000	8.1%
	Credit Card/Account Scheme: A scheme that involves the fraudulent or unauthorized use of company credit cards or credit accounts.	36	\$23,097,000	3.9%
	Fraudulent Reimbursement Scheme: A scheme that involves the fraudulent submission of invoices in order for the perpetrator to receive reimbursement.	17	\$7,569,000	1.3%
	Inventory/Equipment Scheme: A scheme that involves physical corporate assets that are stolen and sold or used for the benefit of the employee.	13	\$5,702,000	1.0%
	Undetermined:	16	\$5,699,000	1.0%

Fidelity / Crime Headquarters

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Why Buy Great American Crime Insurance?



Great American's Fidelity / Crime Division has been providing mono-line crime coverage in the United States and internationally since 1995. We offer \$50 million in capacity for Mercantile, Financial Institution, Governmental, Armored Car/ Valuables, Fine Arts and Specialized Products. We also offer \$65 million in capacity for our Kidnap, Ransom & Extortion coverage and \$15 million in capacity for Cyber Risk.

We can tailor coverages to meet the specific needs of our clients. Our most experienced Claims and Underwriting staff average over 30 years in their respective fields. This experience, combined with our specialized products, has contributed to our consistent growth within the marketplace.

Targeted Classes of Business

- General Commercial Business
Retail, Technology, Hospitality, Healthcare, etc.
- Governmental Entities
Municipalities, School Boards, Public Utilities, etc.
- Financial Institutions
Finance Companies, Mortgage Bankers, Broker/ Dealers, Banks, Insurance Companies and Investment Company Bonds
- Specialized Classes of Business
Gaming, Check Cashiers, Security Guards and Kidnap, Ransom & Extortion
- Fidelity Crime Specie International
Armored Car, Mining, Valuable Metals and High Value Cargo

Coverage Highlights Include:

- Employee Dishonesty
- Forgery or Alteration
- Inside the Premises
- Outside the Premises
- Computer Fraud
- Money Orders & Counterfeit Currency
- Clients' Property Coverage
- Funds Transfer Fraud
- Fiduciary Dishonesty ERISA Coverage

Coverage Enhancements Available:

- Credit, Debit or Charge Card Forgery
- 90-Day Notice of Cancellation
- Definition of Employee to include:
*Non-Compensated Officers
Directors or Trustees on Committees
Volunteer Workers other than Fund Solicitors
Retired Employees Retained as Consultants*

Additional endorsements are also available for consideration upon request.

*2016 statistics. Report to the Nations on Occupational Fraud and Abuse, ACFE, 2016. 2,410 companies participated in the study.

**The 2013 Marquet Report on Embezzlement. 528 cases in the study.