

## Employee Theft Under The Radar

Employee theft is estimated to cost American business over **\$50 billion annually**. More than just cash is stolen; physical supplies and inventory, and business equipment are also purloined, but business owners don't seem too concerned according to a CNBC/SurveyMonkey Small Business Survey,. When asked, "What is the most critical issue facing your business?" only one percent said the threat of crime or vandalism. But that may be because an **estimated 75%** of all employee theft goes unnoticed.

Employee theft statistics:

- The typical organization loses 5 percent of its revenues to fraud each year.\*
- The average loss caused by employee dishonesty is \$140,000 with one in every five cases reporting a loss of at least \$1M.\*
- It averages 18 months to discover a fraud scheme.
- Background checks, even when they are used, are of little help to employers to mitigate fraud.\* Most occupational fraudsters are first-time offenders with clean employment histories.
- Up to 75% of all employees steal at least once and half of those steal multiple times. 55% of employee theft is done by managers.



Technological advances can be both good and bad. Increased ease of doing business can leave businesses exposed to new and complex funds transfer fraud and computer fraud threats.

Travelers fidelity and crime coverage offers multiple insuring agreements to provide protection for exposures such as loss from forgery or alteration, loss of money and securities and reimbursement for claim expenses. Additionally, funds transfer fraud and computer fraud are threats that every organization must consider. These perils may include malicious software, such as Trojan horse programs, and spoofing techniques designed to circumvent online authentication methods.

**Social engineering fraud** is a confidence scheme that intentionally misleads an employee into sending money or diverting a payment based on fraudulent information that is provided to the employee in a written or verbal communication such as an email, fax, letter or even a phone call. Travelers offers coverage that can protect your assets against what can be complex and unique perils.

Travelers put together a quick (under two minutes!) video to help explain it. Watch "[Fidelity and Crime - Demystify Management Liability](#)" now and feel free to share this with your clients.

**Fidelity/Crime** from Travelers covers employers for direct loss as well identity fraud reimbursement and reasonable claim expenses. Fidelity Crime can be obtained singly or as part of **Wrap+ for Executive Liability for Private Companies**. You can pick and choose the coverages your client needs and leave off what they don't. In the future you can add new or drop old coverage as needed.

### Features Common to All Liability Coverages:

- Additional Defense Coverage
  - Additional Defense Limit of Liability
  - Survives exhaustion of base limit
  - Available for each liability coverage elected or shared

*The product and eligibility may have been revised or discontinued since the original article was written. Review the Information page for each product on Big "I" Markets for current content and instructions.*



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- Defense options
  - Duty to Defend (100 percent predetermined allocation)
  - Reimbursement
- Single retention for claim triggering multiple liability coverages and no retention if unable or not permitted to indemnify
- Worldwide coverage - claims made or occurring
- Foreign parent corporation coverage as co-defendant
- Severability of application representations
- Subsidiary acquisition - 25 percent of assets
- Extended Reporting Period
  - Bi-Lateral
  - 3-year run-off available for pre-determined premium
  - Report potential claims
  - Elect by liability coverages
- Duties in the event of claim - triggered by knowledge of Executive Officer

**Click the links below to learn more about available options, access highlight and sell sheets, and more:**

- [Directors and Officers Liability Insurance](#)
- [Employment Practices Liability Insurance](#)
- [Fiduciary Liability Insurance](#)
- [Miscellaneous Professional Liability \(E&O\) Insurance](#)
- [CyberRisk](#)
- [Kidnap and Ransom](#)
- [Identity Fraud Expense Reimbursement](#)

As part of the coverage, your clients receive access to *Risk Management Plus+ Online*<sup>®</sup>, a one-stop resource that provides a comprehensive set of tools to help protect their organization from costly litigation. To learn more, visit [www.rmplusonline.com](http://www.rmplusonline.com). To access the Wrap+ please log into [Big "I" Markets](#) and look for Wrap+ products in the commercial product listing. Please note that the Community Homeowners Associations and Healthcare Organization are not currently available through Big "I" Markets.

\* Association of Certified Fraud Examiners 2012 Report to the Nations