



**NWBIB**  
Insurance Brokers

## CRIME PROTECTION

These are three headlines from recent, high profile thefts. Are you aware that insurance cover can provide protection against these exposures?

**Bury St Edmunds:** Car dealership accountant jailed after stealing £1,000 a week over six months

**ACCOUNTANT ACCUSED OF £66K THEFT FROM FAKENHAM FIRM**

Assistant accountant charged with £328,500 Norfolk Chamber of Commerce fraud

### FIDELITY GUARANTEE COVER

The most basic type of cover, protecting your organisation against the loss of money and property which you may suffer as a result of a dishonest or fraudulent act by an employee. The policy covers the loss of cash, money or property which your organisation owns or is responsible for, as a result of an employee acting dishonestly. Also covered are the additional costs you may incur through auditors fees needed to investigate the fraud or theft.

### CRIME COVER

A more comprehensive cover protecting your organisation against direct financial losses suffered as a result of fraudulent, dishonest and malicious acts committed by full time and part-time employees, directors and outside parties (Third Parties). The costs incurred from defending third party accusations of employee dishonesty are also included and even unfounded allegations which could otherwise be costly, time consuming and disruptive. Potential losses are sometimes included as certain insurers will provide fraud investigator costs to quantify and substantiate any suspected losses.

# *“I don't need Crime Insurance”*

## FOUR COMMON MISCONCEPTIONS

### 1 *“Crime losses only occur during a recession”*

Unfortunately, crimes are always committed but the discovery of incidents can peak during a recession. The nature of some long term, systemic frauds means they can remain undetected for long periods of time, but an increased focus on budgets, for example during a recession, can highlight discrepancies.

### 2 *“Our Internal controls and procedures are enough to prevent fraud”*

Adequate risk management procedures are a solid barrier against fraud, but they do not stop a determined fraudster completely. Many controls can be bypassed either by employees who know the system work-arounds, or those with enough experience. It is sometimes as easy as employees innocently sharing passwords or log-on details to people who can help with their workloads.

### 3 *“My staff are trustworthy; they wouldn't steal from me”*

The typical profile of a fraudster\* is someone employed by a company for between 3-10 years; who knows the company infrastructure, and ways to circumvent controls; holds a senior position; works in a finance or finance related role and has access to third parties (where collusion is an increased exposure). If you then take into account the personal situation of employees, such as addictions or a complicated personal life, then an environment exists where greed, opportunism and eventually desperation, can dictate behaviour (\*KPMG Survey 2010).

### 4 *“Crime claims only affect my bottom line”*

Uninsured crime losses could cause a loss of profit, but there are other repercussions to consider too; the impact on cash-flow, or how the fraud could force a change of acquisition strategy or deter potential suitors or investors. For example, a company's reputation could suffer which could make it harder to recruit staff, win or negotiate contracts or expand the business.

Additional costs may include; specialist investigators or forensic auditors to find out who and how much was involved.

**If you would like to discuss Fidelity Guarantee and/or Commercial Crime covers in greater detail then contact your Account Executive or email [commercial.insurance@nwbib.co.uk](mailto:commercial.insurance@nwbib.co.uk)**