

# | CRIMESHIELD ADVANCED<sup>SM</sup>



**“MY EMPLOYEES HAVE BEEN WITH ME A LONG TIME.  
THEY ARE FAITHFUL, TRUSTED PEOPLE WHO WOULDN'T  
STEAL FROM ME.”**



Preservation of property is a matter of survival for any business. The fact is that businesses lose billions of dollars each year through employee theft. Today, with the rapid growth of white collar crime and the widespread misuse of computer systems, businesses face many threats to solvency.

## THE HARTFORD'S COMMERCIAL CRIME POLICY

The Hartford offers an effective and economical way to help protect your property. With CrimeShield Advanced, you can help protect your business against loss caused by dishonest acts such as thefts and embezzlements. You can also help protect your business against loss caused by non-employees through The Hartford's optional crime coverages.

Misconceptions about employee theft may lead you to believe that commercial crime policies are unnecessary. Employees need not have access to cash in order to steal. While employee theft often involves cash, other items of value may be stolen such as office machines, vault securities or warehouse merchandise.

You often hear the statement, “My employees have been with me a long time. They are faithful, trusted people who wouldn't steal from me.” Unfortunately, today's social and economic pressures have turned some honest employees into dishonest ones.

Employees may turn to dishonest behavior for a variety of reasons including income that does not support their lifestyles; addiction to gambling, illegal drugs or alcohol; unusual financial burdens brought on by illness or divorces, and job dissatisfaction leading to resentment and revenge.



## TARGETS OF EMPLOYEE THEFT

In addition to accounting losses, most wholesale, retail and manufacturing organizations are also susceptible to the loss of finished products, goods in process and raw materials. Any item or product can be a target for employee theft when an opportunity accompanies the need and there is a source for the disposal of the stolen goods.

Any product can be valuable enough to steal when a sufficient quantity can be pilfered over an extended period. It is not uncommon for an ongoing theft to span three years or more without detection.

You may feel that raw materials or unfinished goods are not attractive and may, therefore, require little protection or few inventory controls. This is just not so. Unsecured raw materials may tempt a dishonest employee to steal since so little effort is required and the chances of getting caught are minimal. Our experience has shown that thefts can extend to such apparently mundane things as: wooden pallets, plastic pellets used to manufacture soft drink bottles, bulk fertilizer, animal byproducts, wooden spools, metal shavings, burlap bags, and the like.

Losses involving such “unglamorous” materials can add up to six figures over a relatively short time. And what business can afford that?

Naturally, higher-value products such as tires, automotive parts, computers, software, pharmaceuticals, or clothing, are even more attractive targets and require an equal or greater degree of protection.



## CRIMESHIELD ADVANCED COVERAGES

### HOW THE HARTFORD CAN HELP PROTECT YOUR BUSINESS

Our CrimeShield Advanced policy can help protect your property from loss caused by employee theft. This comprehensive policy addresses a wide range of customer fidelity and crime needs.

#### CrimeShield Advanced provides coverage for:

- Employee Theft
- Employee Theft – Client Premises
- Computer and Funds Transfer Fraud
- Inside the Premises – money, securities and other property
- Outside the Premises – money, securities and other property
- Depositors Forgery or Alteration
- Credit, Debit or Charge Card Forgery
- Money Orders and Counterfeit Currency
- Investigative Expenses
- Computer Systems Restoration Expenses
- Identity Recovery Expenses Reimbursement

### OTHER POLICY FEATURES

- Worldwide coverage
- “Theft” definition related to client “money,” “securities” and “other property”
- Defined terms for “computer system,” “computer systems restoration expense,” “data,” “electronic data processor”
- Coverage for terminated employees increased to 90 days
- ERISA and non-ERISA plan coverage for full employee theft limit
- Amended definition of insured language
- Employee cancellation only triggered by a prior act in excess of \$25,000
- Broad Mergers and Acquisition language – automatic coverage when revenues of the new entity are 15% or less of total insured revenues. No notice required.
- Duties to notify of loss only triggered when discovery occurs by Risk Management Department, or an officer, manager or supervisor of the insured. Time frame to notify increased to 90 days.

- **New** “Employee Theft – Client Premises” insuring agreement providing blanket employee theft coverage for client property on the clients premises. No criminal conviction required.

The insuring agreement can include coverage for a specific contract between insured and client, a common need for industries such as computer programmers, consultants and staffing companies.

- **New** expense-related insuring agreements for:
  - » **Identity Recovery Expenses** – reimbursement of various expenses incurred resulting from an identity theft.
  - » **Computer Systems Restorations Expenses** – reimbursement of expenses to duplicate damaged or destroyed data or computer programs.
  - » **Investigative Expenses** – reimbursement of expenses paid by the insured to establish the existence of and determine the amount of a covered loss.
- Other **new** insuring agreements:
  - » **Credit, Debit or Charge Card Forgery** – forgery coverage for credit, debit or charge cards issued for business purposes.
- **Money Orders and Counterfeit Currency** – loss from counterfeit currency of any country or money orders issued in any country. \$50,000 limit with \$0 deductible automatically included at no cost. Higher limits available.



## SUGGESTIONS FOR PROTECTION AGAINST EMBEZZLEMENT

Protection against embezzlement requires a system of internal control, supplemented by independent audit. Although many factors will determine the system best suited to your business, the following considerations are important for any business:

- › A plan of organization that establishes lines of authority and responsibility
- › Accounting functions that are separate from operating functions
- › A clear and easy-to-follow “paper trail” for every transaction
- › A clear division of duties, so that no one person handles a transaction from beginning to end
- › Proper background checks of new employees to eliminate applicants of poor character
- › Consistent supervision and enforcement of procedures
- › Physical and perpetual inventory counts that compare to manual and computer records
- › Creating an anonymous hotline that employers, customers and vendors can call to report potential fraud or irregularities
- › Controlled employee access to storage areas, semi-finished goods, raw materials, precious metals

**ONE OF THE BEST WAYS TO HELP PROTECT YOUR PROPERTY IS WITH A CRIMESHIELD ADVANCED POLICY FROM THE HARTFORD.**

**FOR MORE INFORMATION** contact our Specialty Crime ERISA Office and they will be happy to answer your questions regarding these coverages.

**Phone: 888-275-8227 Email: [Crime-Erisa@thehartford.com](mailto:Crime-Erisa@thehartford.com) Fax: 315-370-1570**

## THERE ARE NUMEROUS WAYS IN WHICH AN EMPLOYEE MAY STEAL. THE FOLLOWING ARE EXAMPLES:

- Keeping two sets of books
- “Dipping” into the cash drawer
- Stealing materials and merchandise (pilferage)
- Making charges against inactive accounts
- Paying “bonuses” to persons not entitled to receive them
- Raising the amounts on checks and invoices after they have been paid
- Paying bills to a fictitious company and cashing checks illegally
- Reducing the amounts of outgoing invoices on the books, paying the reduced amounts in cash, and appropriating the customer’s checks
- Padding payrolls
- Padding cash expenditures
- “Forgetting” to credit cash payments
- Extracting ledger sheets to conceal shortages
- Raising amounts shown on checks and supporting documents after they have been approved
- Invoicing goods below sale price and obtaining the undercharge from the customer
- Stealing from incoming payments and applying subsequent remittances to cover the theft
- Issuing checks for goods never returned



Business Insurance  
Employee Benefits  
Auto  
Home

Certain coverages vary by state and may not be available to all businesses. All Hartford coverages and services described on this page may be offered by one or more of the property and casualty insurance company subsidiaries of The Hartford Financial Services Group, Inc. In Texas, Arizona, New Hampshire, Washington and California by Hartford Accident and Indemnity Company, Hartford Fire Insurance Company, Hartford Casualty Insurance Company, Hartford Lloyd's Insurance Company, Hartford Insurance Company of the Midwest, Navigators Insurance Company, Navigators Specialty Insurance Company, Maxum Casualty Insurance Company, Maxum Indemnity Company, Trumbull Insurance Company, Twin City Fire Insurance Company, Hartford Underwriters Insurance Company, Property and Casualty Insurance Company of Hartford and Sentinel Insurance Company, Ltd. and its property and casualty insurance company affiliates, One Hartford Plaza, Hartford, CT 06155.

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