

## Topic: workplace crime

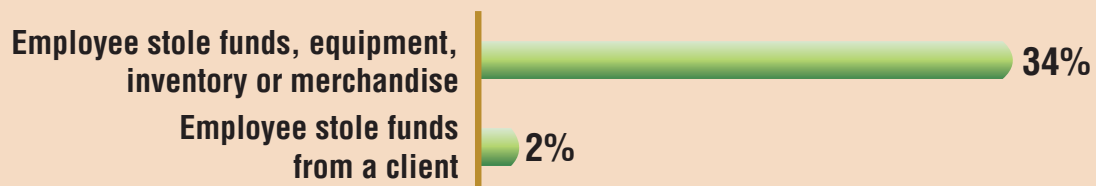
### It's a crime that many private companies don't take workplace fraud more seriously.

Even trusted employees can be tempted and the new digital universe makes it easier. In tough economic times that temptation is multiplied.

Relative to professional/management liability coverage, crime related incidents are the most common among Canadian companies (35%). As such, more executives expect to experience such an incident in the year ahead than any other type of professional/liability related event (34%).

### Key Findings Tell the Story

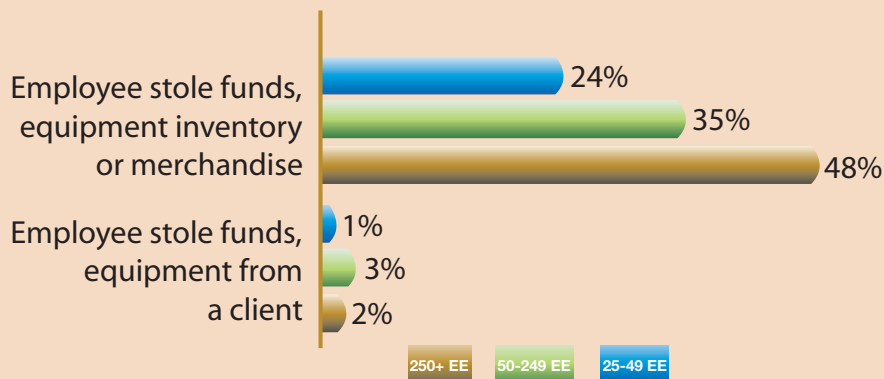
**Employee crime is common.** About a third of Canadian companies have experienced some type of employee-related crime – such as stolen funds, equipment, inventory or merchandise – during the past five years.



Tough economic times make employees feel entitled and tempted in ways not experienced before and not anticipated.



**The frequency of some type of employee-related crime increased significantly as company size increased.** Larger companies (250+ employees) were more likely than smaller companies to have experienced such an event.



**Workplace crime can be costly.** For companies in the Chubb study that experienced some kind of employee theft in the past five years, the average reported loss was:

**\$42,108**

**The risk is real.** Approximately a third of executives (34%) believe it is likely that an employee will steal from their company in the year ahead.

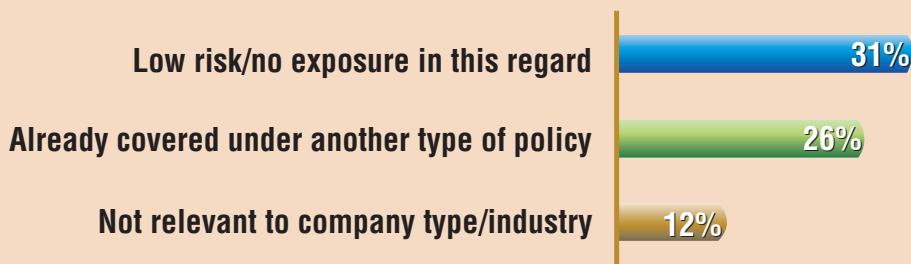
A higher percent of executives at larger companies (250+ employees) believe it is “very likely” that an employee will steal funds, equipment, inventory or merchandise from their company in the coming year.



\*Percent “Very likely”

**Despite the widespread nature of employee theft, many private companies go unprotected.** Approximately 2-in-5 (39%) of Canadian companies purchase crime insurance. The majority (95%) of respondents who do not purchase crime insurance do not plan to do so in the year ahead.

**What are the assumptions that leave private companies exposed to crime?** A closer look shows that the top three reasons given by the executives in the Chubb survey for not buying this coverage were:



## Loss Scenarios

### Scenario #1

A computer cord manufacturer’s plant manager went on a two-week vacation, during which the company discovered that its inventory records did not match with shipping and receiving.

After a review of inventory, the company found that over 200 pieces of inventory were missing. An investigation concluded that the plant manager and a truck driver had been conspiring for 18 months to place extra pieces of inventory on the driver’s truck. The truck driver then delivered the extra pieces to a buyer who paid the driver cash. The driver and plant manager split the cash payment. The stolen inventory had a value of more than \$150,000.

### Scenario #2

A trusted high-ranking member of an architectural design firm’s management team was charged with harassment by a number of subordinate employees and was suspended. In the ensuing investigation, it was also discovered that, over a three-year period, the manager had been obtaining reimbursement from the firm for personal expenses, such as expensive restaurant tabs and air tickets for female companions who accompanied him on various trips.

The employee submitted documentation for the expenses but lied on his expense forms about the business purpose. The manager’s schemes resulted in losses to the firm of more than \$100,000.

## Solution

Chubb's Crime Insurance Policy allows insureds to select their level of protection from a wide range of optional insuring clauses which include: employee theft coverage; premises coverage; transit coverage; forgery coverage; computer fraud coverage; and funds transfer fraud coverage. Insurance coverage can also be purchased for clients, which can be invaluable if services are provided to clients and employees have access to the client’s money, securities or property.

The policy responds in the event that an employee steals from a client and to theft from an employee benefit plan. A sublimit of protection is available to cover the expenses associated with the investigation and establishment of a covered loss.