Crime Coverage

What you wanted to know but were afraid to ask!

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The History

- 2012 Woodburn woman accused of stealing money totaling $3,200
- DHS employee charged with stealing $66,000
- 2013 State Police charge Newport woman of stealing money $$$??
- 2013 Cottage Grove employee steals $13,000 + in 18 months.
- 2014 City Hall Clerk steals $750,000
- Several years ago, City of West Linn CFO Steals $1.5 million
- City of Ashland Parks employees is found to have stolen thousands dollars in equipment and tools.

Commercial Crime Insurance

Cover losses from crimes:

- Burglary
- Robbery
- Theft
- Employee Dishonesty

Types of Forms

There are two basic types of forms

Loss Sustained Form

Losses discovered during
the policy period or 1 year after.

The 1 year terminates once the
Obtains other commercial crime
Coverage.

Discovery Form

Covers losses that are
Sustained at any time and
Discovered either during
the policy period or up to
60 days after the policy.

Types of Crimes

All crime forms include definitions:

1. Burglary 2. Safe Burglary 3. Robbery 4. Theft 5. Forgery

__ During a break-in at a business , the safe is removed from the premises.

__ Armed thieves tie up a struggling staff member and lock them in the back room. Then they load up several machines into their waiting truck.

__ An unassuming, unarmed man walks into the building at noon and walks out three computers. When an astonished employee runs after him, she finds the gentleman has disappeared.

__ Professional crook use dynamite to break into an isolated electronics warehouse after the building is closed for the day.

__ While dining at a small eatery, a customer finds the owners check-book and slip it into his pocket. Later, he makes purchases using the checks and signing the restaurant owner's name.

Other Definitions

Custodian

Messenger

Watchperson

Employee Benefits Plan

Money

Other Property

Securities

Commercial Crime Forms

Employee Theft

Forgery or Alteration

Inside the Premise – Theft of Money & Securities

Inside the Premise – Robbery or Safe Burglary of other Property

Outside the Premises

Computer Fraud

Money Orders and Counterfeit Paper Money

Funds Transfer Fraud

Exclusions

For all Coverage forms these exclusions apply:

- Theft or dishonest acts committed by the insured, partners, or members, whether actin alone or in collusion with others.
- Loss caused by an employee if the employee had previously committed theft or another dishonest act prior to the policy period and the insured knew about the action.
- Theft or dishonest acts committed by any of the insured's employees, managers, directors, trustees, or authorized representatives, except as covered under employee theft coverage; the exclusion applies whether the person is action alone or in collusion with other and while actually working for the insured or otherwise.
- Unauthorized disclosure of insured's confidential information
- Unauthorized use of disclosure of another's party's confidential information that is held by the insured
- Seizure of destruction of property by governmental authority
- Indirect or consequential losses
- Legal expense, except as provided under forgery or alteration coverage
- Nuclear hazards
- Pollution
- War and similar actions

Question YES or NO

1. Thieves ignite dynamite……
2. The insures building is burglarized….

Other excluded losses

- Resulting of accounting ..errors
- Resulting from giving or surrounding…
- Due to fire….
- To motor vehicles…
- Of property when it is transferred….

Something New

Social Engineering Fraud means the intentional misleading of an **Employee** through the use of a **Communication** to misrepresent material facts which **employee** relies upon that is believed to be genuine .

Communication means an electronic, telegraphic, cable, teletype, telephone, or written instruction received by an **Employee** that ask for Money or Securities to be transferred.

Look At You Policy Carefully

This wording limits CIS's liability to the largest year of a multiple year loss.

*If two or more coverage periods apply to the same loss, the most the **Trust** will pay is the larger of the amount recoverable under this coverage agreement or the prior coverage agreement. Regardless of the number of years the **Named Member** has participated in the **Trust** property coverage program or the number of contributions paid, no limit of coverage cumulates from year to year or coverage period to coverage period.*

Theft Charges

The four main theft charges are summarized in very general terms:

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Theft III ORS 164.043	C Misdemeanor	—stealing property valued at less than $100.
Theft II ORS 164.045	A Misdemeanor	—stealing property valued at between $100 and $1000.
Theft I ORS 164.055	C Felony	May be committed in a variety of ways including: —stealing property valued at more than $1000; or —stealing a firearm or explosive (of any value); or —stealing a companion animal or livestock; or —buying or selling property known to be stolen (of any value); or —stealing property during a riot, fire, catastrophe.
Aggravated Theft I ORS 164.057	B Felony	—stealing property valued at greater than $10,000.

Preventing Crime Thefts

Require financial oversight

- Talk to a CPA or business consultant to learn about the weak points of your business procedures. Determine the level of oversight needed to secure you finances and inventory.
- Provide clear direction for employees with access to financial activity. Use acceptable procedures, practices, and limits. Establish a procedure for regular reviews and reconciliation of your business financial accounts and inventories.

Business Plan

- Your business plan should include the level of authority and duties for your bookkeepers or cashiers (you should do this for all employees). Discuss with appropriate employees.
- Have each employee indicate their understanding by signing and dating the description of duties and responsibilities.
- Share your ethical sense with your employees. If your employees understand your business plan, it may help them to reflect the company ethics as they participate in growing and safeguarding your business.
- Inform your employees that you will vigorously prosecute all internal thefts.

Detection of Fraud

- The following is a list of routine tips for detection of fraud in an office setting. Be sure to check with a business consultant or qualified CPA for additional suggestions.
- Is there a lack of segregation of duties?
- Is there a sudden, unexplained change in business profits (shifting cash position)?
- Is a key employee experiencing financial problems?
- Do you find accounting irregularities in your business?
- Do you have internal control weaknesses?
- Does an employee have an extravagant lifestyle?
- Does a key employee have addictions?
- Are there anomalies or discrepancies in product returns, inventory, or purchases?
- Don't be complacent if something seems wrong – Investigate!
- If you determine that you have been a victim, organize your evidence and notify the police.

TEST

1. When an insured purchases a commercial crime coverage form, all the coverages listed in the form automatically apply to the policy? T or N

2. What Type of property is protected under the computer fraud coverage?
   - A. Money
   - B. Securities
   - C. Other property
   - D. All of the above

3. An insured must file a proof of loss within how many days after the loss?
   - A. 30
   - B. 60
   - C. 90
   - D. 120

4. Theft generally means?
   - A. Any act of stealing
   - B. Any act of stealing, other that burglary or robbery
   - C. Burglary and robbery only
   - D. Employee dishonesty only

5. Who of the following would be considered a custodians while having care and custody of company property inside a premises?
   - A. A store clerk
   - B. A Janitor
   - C. Both of these
   - D. Neither of these

Questions