

### Protecting organizations against employee theft and other commercial crime

No organization is immune to the threat of commercial crime. Travelers has seen first-hand how criminals can target unsuspecting companies, despite the existence of tight internal controls and careful hiring practices. We have also seen how organizations with adequate commercial crime coverage can recoup losses – even significant ones – and stay focused on their business without missing a beat.

#### Consider the following examples:

- Without anyone's knowledge or authorization, a bank employee initiated a series of wire transfers of funds from existing bank accounts to accounts in the name of fictional entities. From there, the funds were transferred to overseas bank accounts. The bank's commercial crime coverage from Travelers covered the \$1.8 million fraudulent act (less the deductible).
- An employee working in a company's accounts payable department issued over \$500,000 in unauthorized cheques from company accounts for his personal use over a period of several years. Travelers' commercial crime coverage covered the company's total loss caused by the employee's theft (less the deductible).
- After stealing personal information, an identity thief took out a second mortgage on the victim's home. The thief received more than \$24,000 through the fraudulent loan. The victim of the fraud sued the financial institution for the amount of the loan. The financial institution was protected by Travelers' commercial crime coverage.

Commercial Crime Coverage from Travelers steps in where all-risk property policies end. While property coverage does offer limited coverage for theft of contents, such coverage does not adequately cover the fidelity risks facing businesses.

***The "management cost" of managing a fidelity loss averages \$1.2 million.***

Source: 2009 PricewaterhouseCoopers survey

Commercial Crime Coverage from Travelers includes

- Employee theft
- Burglary
- Robbery
- Forgery
- Fraudulent money orders
- Counterfeit money
- Computer crime
- Funds transfer fraud
- Certain claim expenses
- Identity theft expense reimbursement

#### ***Wrap+* – A comprehensive solution for private companies and non-profit organizations**

Travelers' *Wrap+* Crime and Identity Fraud Expense Reimbursement Coverage provides an important backstop against crime exposures. With this coverage, a company's assets are protected at the time of a crime's discovery, regardless of whether it occurred prior to or during the policy period.

Other benefits of *Wrap+*

- Worldwide coverage
- Computer fraud coverage that includes computer program and electronic data restoration expenses
- Coverage against forgery or alteration, including credit card forgery
- Inclusion of subsidiaries (where the company owns more than 50% of the voting shares of the subsidiary) and employee benefit plans
- Discovery form (all past acts covered)
- No manifest intent language

### 3D Bond – Crime insurance for public companies

Travelers' 3D Bond insures businesses (other than financial institutions) against losses that are sustained during the policy period.

***It takes an individual almost 600 hours and \$1,400 in out-of-pocket expenses to clean up the mess caused by an identity theft.***

Source: Identity Theft Resource Centre

#### Coverage features of a 3D Bond

- Coverage to all employee benefit plans of the insured
- Automatic coverage for newly created offices
- Enhanced definition of employee, which includes consultants, retirees, guest students, temporary employees hired through placement agencies, trainees compensated with public funds, elected officials (whether compensated or not), and directors and officers of employee benefit plans
- Sixty days coverage from the date of termination of employment for former employees
- Full coverage for unidentifiable employees in the event of a theft
- Sixty day discovery period following expiration of the bond
- No aggregate on the limit

#### Quote requirements

- Completed *Wrap+* Crime application or 3D Bond application
- Copy of auditor's letter to management on internal controls and management's response

#### About Travelers

At Travelers, we do things right because things can go wrong. We are committed to keeping pace with the ever-changing needs of our customers, and anticipating their needs for the future. In Canada, Travelers Insurance Company of Canada and St. Paul Fire and Marine Insurance Company are the Canadian licensed insurers known as Travelers.

**To learn more about *Travelers' Crime Coverage* and our other professional and financial solutions, contact your local Travelers office.**

| Montreal     | Toronto      | Calgary      | Vancouver    |
|--------------|--------------|--------------|--------------|
| 514.875.0600 | 416.366.8301 | 403.265.6252 | 604.684.6574 |
| 800.361.9427 | 800.268.8481 | 800.479.3887 | 866.684.6574 |

This document is provided for informational purposes only. It does not, and it is not intended to, provide legal, technical or other professional advice, nor does it amend, or otherwise affect, the provisions or coverages of any insurance policy or bond issued by St. Paul Fire and Marine Insurance Company and Travelers Insurance Company of Canada and their subsidiaries and affiliates (collectively "Travelers Canada"). Travelers Canada disclaims all warranties whatsoever.