

HISCOX

Crime and Fidelity



Protection for evolving perils like cyber fraud, extortion, and virtual currencies, as well as more traditional types of crime and fraud which continue to affect companies. View our latest [Embezzlement Study](#) to learn more.

Appetite

Open to all sizes of businesses and various industries, including non-profits, and municipalities. Particularly competitive on companies with fewer than 1,000 employees.

Coverage features

- State-of-the-art coverage for current and emerging types of fraud.
- Tech Fraud includes computer fraud, funds transfer fraud, cyber deception, customers' accounts, and erroneous transfer.
 - Customers' Accounts coverage for fraud committed as a result of the insured's access to client, vendor or customer accounts.
 - Erroneous Transfer coverage for errors in making a transfer of funds.
 - Cyber Deception, including impersonation of an executive employee.
- Money specifically includes virtual currencies like Bitcoin.
- Third party coverage for theft from a customer, client, vendor, or other (even without a written contract). Even includes a client of a client.
- Coverage for employee theft of executive's property, forgery of executives' accounts, and extortion.
- Independent contractors included as employees.
- Automatic Coverage for New Subsidiaries, including coverage for losses that occurred prior to the acquisition but were discovered after.
- Accelerated Deductible Recovery reimburses the insured for their deductible beginning with the first dollars recovered after a loss.
- Vendor Theft provides coverage for theft by an employee of one of an insured's vendors.
- Coverage for employees even when the insured is aware of prior theft or dishonesty.

Claims scenarios



Third Parties' Property: An employee of a property management company used a master key to access a tenant's apartment and stole \$30,000 worth of jewelry and electronics. The insured's client was the building owner, not the tenant.



Executive's Property: The Executive Assistant to the owner of a dentist's office wrote checks and transferred funds out of the owner's personal accounts to buy a car and pay his own credit card bills. The loss amounted to \$220,000.



Tech fraud: cyber deception.

A fraudster hacked into the insured's email system and sent an email from the owner's account while the owner was out of the country on business. The email convinced a bookkeeper to transfer \$75,000 to an offshore account.



Tech fraud: customers' accounts.

A payroll company's system was hacked and their client's bank account information taken. The fraudster used this information to transfer \$60,000 out of the client's account. The client went after the insured for reimbursement.



Financial Institutions Bonds

Hiscox's Financial Institutions Bonds coverage help firms manage their employee theft risks with all the advantages you've come to expect from us:

- **Underwriting expertise** – track record of delivering solutions for crime and fidelity risks
- **Broad appetite** – wide range of target industries with few excluded classes
- **Fast turnaround** – 75% of quotes are provided within 12 hours of submission

Employee theft

is a major risk for the financial services industry.

30% of employee theft cases involved an organization in the financial services category (which includes banks, credit unions and insurance companies)*

\$54 million is the highest single loss for this sector, as well as the highest total loss at over \$120 million*

37% of cases were committed by someone in the finance or accounting function*

Appetite

Financial Institutions Bond coverage targets:



Brokers/dealers (up to \$3B AUM)



Finance companies



Banks (up to \$1B assets)



Insurance companies

Claims scenarios

FORM 14 **Broker and dealer**



A hedge fund manager embezzled over \$12 million for over ten years by wiring funds to an account he controlled. He was able to bypass the requirement for supervisory approval for such transactions.

The COO of a family office company managing a \$600 million estate allegedly stole over \$50 million over several years. He used the money for a Gulfstream jet and gifts for his mistress and family, among other things.

FORM 15 **Finance**



A mortgage broker stole \$500,000 in cash and \$200,000 in property from clients, and wrote bad checks totaling over \$1 million. She was charged with financial abuse of elders and writing bad checks.

By issuing checks made out to friends and family members and names she made up, rather than to customers, a closing account specialist at a large mortgage bank embezzled over \$650,000 from the company.

FORM 24 **Bank**



A bank teller stole \$93,000 from her cash drawer over two years, by manipulating the drawer balance on her computer and by falsifying cash-in and cash-out tickets.

A former bank vice president embezzled over \$1 million over an eight year period by transferring funds into a friend's accounts. He used the money to pay his mortgage, car payments and credit cards, to make home improvements and to gamble.

FORM 25 **Insurance**



A former employee of a large health insurance company embezzled nearly \$3 million by creating phony checks in relatively small amounts. He created these checks over a 16 year period, and used the money for expensive household furnishings, vacations and a retirement home.

A customer service representative in a life insurance company embezzled a death benefit and policy loans, and issued fraudulent checks totaling over \$75,000.

*The 2017 Hiscox Embezzlement Study™ A report on white collar crime in America.

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