

## Bond & Financial Products

### Private & Non-Profit Liability



### Travelers Wrap: Fidelity and Crime Coverage

You know and trust the people who work for you, but that trust may be misplaced. After all, one third of all employees admit to stealing from their employers. And we're not talking about the pens and paper: The median loss from employee fraud is \$175,000.\*



Maintenance of strong, enforceable internal controls should be a priority for any entity. Yet even the best internal controls, no matter how well conceived, frequently fall short of stopping a trusted employee from engaging in fraudulent activity. In fact, the median time length of occupational fraud schemes is 18 months, and the number one way that an employer discovers a crime is by accident.\* Travelers Wrap+ Fidelity and Crime Coverage provides an important backstop against the actions of a thieving employee. With this coverage, your 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.

### Why You Need Protection

Employee dishonesty is costly and pervasive. In 2008, seven percent of business revenue was lost as a result of occupational fraud and abuse. When applied to the U.S. Gross Domestic Product, this translates to losses of approximately \$994 billion.\* And, when it comes to occupational fraud and abuse, your business' size doesn't matter — no business is safe. Statistically, small businesses only represent 38 percent of all frauds, but they are more vulnerable to loss. The median dishonesty scheme in a small business causes \$200,000 in losses, an amount that exceeds the median loss for larger businesses.\*

### Innovative Risk Management Services

All of the Wrap+ coverages include Risk Management PLUS+ Online® at no additional cost to you. Delivered via a dynamic, web-based platform, it is your one-stop resource, providing a comprehensive set of tools that will help protect your organization from costly litigation, including strategies to help your company address the risks associated with employee dishonesty and take steps to avoid identify theft or prevent it altogether.

To learn more about Risk Management PLUS+ Online, visit [rmplusonline.com](http://rmplusonline.com).

## Claim Scenarios

### Stolen inventory – \$345,000

A regional sales director took on additional inventory of products for alleged seasonal sales pushes. In reality, a portion of that inventory was sold “out the back door” unbeknownst to corporate headquarters. That same sales director had been named “Employee of the Year” several times over his 17-year career.

### Embezzlement – \$244,000

An employee altered company deposit slips after the owner of the company had approved them. The employee would prepare two deposit slips: one depositing funds into the company’s account, the other depositing funds into the employee’s bank account. The embezzlement continued uninterrupted for three years because the employee handled both bookkeeping and deposit activities for the company. As a result of the embezzlement, the employer was forced to lay off several valued employees.

### Payroll fraud – \$1,900,000

A payroll employee had access to payroll checks and vacation checks. Over an eight-year period, the clerk issued duplicate checks on all legitimate employee vacation pay.

### False payment – \$1,600,000

In less than a year, a sales supervisor located outside of the United States caused a loss of \$1.6 million to his employer. When customers legitimately purchased and received goods, the employee stole their payments for his own use. The employee attempted to cover up the loss by substituting fraudulent checks drawn upon other third party entities. The employer was underinsured, so insurance only paid \$500,000, leaving the employer on the hook for \$1.1 million.

### Billing scheme – \$167,000

Four employees colluded to defraud their employer through a phony billing scheme. The employees, including a supervisor, established fictitious vendors and submitted bills for work performed by other, genuine vendors.

## An Experienced Market Leader

- Since 1853, we’ve provided effective insurance solutions to a wide range of industries
- A.M. Best has assigned Travelers a financial strength rating of A+\*\*
- With over 50 offices, we possess national strength and local presence
- Our dedicated claim group offers extensive industry and product knowledge

## Get the Protection You Need, Today and Tomorrow

To learn more about our fidelity and crime coverage, talk with your independent insurance agent or visit [travelersbond.com](http://travelersbond.com).

\* Association of Certified Fraud Examiners, 2008 Report to the Nation on Occupational Fraud and Abuse, [www.acfe.com](http://www.acfe.com).

\*\* A.M. Best’s rating of A+ applies to certain insurance subsidiaries of Travelers that are members of the Travelers Insurance Companies pool; other subsidiaries are included in another rating pool or are separately rated. For a listing of companies rated by A.M. Best and other rating services visit [www.travelers.com](http://www.travelers.com). Ratings listed herein are as of January 26, 2010, are used with permission, and are subject to changes by the rating services. For the latest rating, access [www.ambest.com](http://www.ambest.com).

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