



## CRIME QUICK GUIDE

### Why Buy Crime Insurance?

Crime and theft are persistent issues that impact businesses. Organizations require Crime coverage to protect themselves against financial losses caused by various criminal acts and fraudulent behaviors, including theft of money, securities, property, embezzlement, forgery, and alteration of financial instruments.

Crime coverage also addresses third-party theft and fraud perpetrated by individuals external to the organization, such as burglars, hackers, or dishonest vendors. A Crime policy can also extend to cover losses from robbery, computer fraud, or funds transfer fraud. The financial repercussions of any criminal activity can be severe and may result in significant damage to a company's reputation. Crime coverage is a crucial component of a company's risk management strategy.

### Did You Know?

- Over 75% of employees confessed to stealing something from work at least once
- 35% of millennials justify stealing from their job
- The median age of a perpetrator is 48
- A typical organization will lose 5% of their revenues to fraud each year
- The average lost caused by employee dishonesty is \$140,000
- 1 in 5 cases report a loss of at least \$1,000,000

### How Can You Prevent Crime Incidents?

1. Perform regular risk assessments and operations security checks
2. Conduct background checks on new employees
3. Run security checks on staff
4. Conduct ethical employee training with a “No Tolerance” policy
5. Maintain internal controls and audit practices
6. Partner with Sentinel to ensure comprehensive Crime coverage

### How Is Sentinel Dedicated to Safeguarding Your Success?



Sentinel invests in customized coverage that matches your organization's unique risks and exposures. We aim to boost your resilience and protect your long-term sustainability in today's intricate and interconnected business landscape.

## Crime Claims Scenarios:

### Scenario 1

Accounting personnel discovered that another employee had been falsifying invoices and creating W-9s for fictitious entities to embezzle funds, as well as transferring money from internal accounts online. At the time of discovery, there was proof of a \$2,000 invoice that the employee had altered to pay for auto repairs she had completed on her own vehicle. Diverted funds surpassed \$50,000.

### Scenario 2

A long-time controller was responsible for overseeing all check signings and bank account reconciliations. She created a fraudulent bank account under the guise of funds for repairs, diverting money to herself. Over the course of 25 years, she embezzled nearly \$53,000,000. The scheme remained undetected until she was absent from work, prompting a colleague to take over her responsibilities. This incident marked the most substantial municipal theft in U.S. history.

### Scenario 3

A food manufacturer inventory manager began stealing small machine parts and falsifying inventory records, so the parts did not appear to be missing. Parts were then sold on the internet. The total loss was around \$1,200,000.

### Scenario 4

In under a year, a sales supervisor located outside of the United States caused a loss of \$1,600,000 to his employer by stealing payments when customers purchased and received goods. The employee attempted to cover up the loss by substituting fraudulent checks drawn upon other third-party entities. The employer was under-insured, and the carrier only paid \$500,000. The employer was responsible for \$1,100,000 million.

## Sentinel's Crime Resource:



### Cassandra Grace, RPLU, CPLP

Director of Specialty Lines | [cgrace@sentinelra.com](mailto:cgrace@sentinelra.com) | 980.256.7035

With over 20 years of industry experience, Cass leverages her extensive knowledge providing technical support to our clients in addition to program design and implementation of new coverages. She is driven in developing complex risk solutions for a vast variety of risk exposures while demonstrating a “client-first” approach.

### CONTACT US TO LEARN MORE

Questions on your Crime coverage, rates, claims, or more? Call or email our team today!