A company’s assets are exposed to threats of embezzlement, fraudulent electronic funds transfer, forgery, robbery, safe burglary, and credit card forgery from “trusted” employees and cunning criminals alike. From fictitious employees, dummy accounts payable, non-existent suppliers, to outright theft of money, securities, and property — these frauds can go on for years, and when finally discovered, the ultimate impact can be enormous. Crime insurance is one part of a suite of seven insurance coverage parts under The ForeFront Portfolio policy, providing flexible coverage and the prevention privately-owned companies, not-for-profit organizations, and healthcare organizations need to minimize the risk of these varied exposures.

Why do you need Crime insurance?

<table>
<thead>
<tr>
<th>Misconception</th>
<th>Reality</th>
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<tbody>
<tr>
<td>Comprehensive crime coverage is afforded under my business owner’s or commercial package policy — I already buy crime coverage.</td>
<td>Chubb’s Crime insurance under The ForeFront Portfolio policy can help fill unexpected coverage gaps that may exist in your company’s current commercial package policy, such as coverage for losses caused by social engineering, as well as coverage for locations outside of the United States and Canada.</td>
</tr>
<tr>
<td>Employee fraud can’t happen at my company because I hire honest people and they have been with me for a long time!</td>
<td>Fraud and embezzlement occur in even the best work environments. Surprisingly, only 4% of perpetrators have been convicted of a fraud-related offense. The vast majority of those that commit theft have no prior record.</td>
</tr>
<tr>
<td>As the owner of my business, I would know if an employee was stealing from me.</td>
<td>White-collar embezzlement losses span years, not months. Losses accumulate over time because they are often caused by trusted employees who have access to a company’s financial records. The average embezzlement takes 14 months to come to light.²</td>
</tr>
</tbody>
</table>

Crime Coverage Highlights

- Loss Discovered policy form – loss can be sustained at any time, with full one-year reporting and notice provision
- Coverage for theft caused by all classes of employees, as well as natural person independent contractors
- Optional blanket or scheduled coverage for loss of money, securities, or property of the Insured’s clients, with no collusion exclusion and no requirement to be on the Client’s premises
- Optional coverage for loss due to the fraudulent transfer of funds through the impersonation of employees, vendors, or customers (“Social Engineering Fraud”)¹
- Optional coverage for bonding of ERISA Plan Officials, as required by the Employee Retirement Income Security Act of 1974
- No identified employee or police notification requirement
- Streamlined coverage for loss of funds and property resulting from unauthorized access by hackers into the Insured’s computer systems including mobile applications and customer web-based portals

## Crime Coverage Claims Scenarios

<table>
<thead>
<tr>
<th>Summary</th>
<th>Claim Details</th>
<th>Resolution</th>
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<tbody>
<tr>
<td>Out-of-control controller</td>
<td>The controller of a not-for-profit organization had check-signing responsibility, as well as access to the organization's checking account. During his employment, the employee set up a fictitious firm that allegedly provided financial services to the organization. The loss wasn't discovered until after the employee had left the organization and was caught doing the same thing to his next employer, at which time he admitted that he had established the phantom firm for the sole purpose of stealing from his employer.</td>
<td>A thorough investigation determined that the controller had taken nearly $600,000.</td>
</tr>
<tr>
<td>Wolf in sheep's clothing</td>
<td>A manufacturing firm's human resources manager recommended that the company hire an outside consultant to help reduce its modifier on workers' compensation claims, thereby reducing payments. Senior management approved the HR manager's suggestion and even publicly congratulated her for her money-saving idea. The HR manager then set up a phony consulting firm and billed the agency for consulting services that were never provided. The HR manager's actions went undetected for more than two years until the accounting staff began questioning the billing amounts.</td>
<td>An audit determined that the manager had stolen more than $500,000.</td>
</tr>
</tbody>
</table>

### Crime Loss Prevention

Chubb has partnered with the following service providers to provide The ForeFront Portfolio Crime Insurance policyholders access to services intended to help reduce the risk of fraud:

- **Waived setup fees** with PaymentWorks, Inc., a vendor credentialing and identity proofing company. PaymentWorks provides mid-sized and enterprise customers that manage a large volume of suppliers an online solution to help prevent the risk of business payments fraud, particularly losses caused by social engineers.

- **Reduced rates** when policyholders contract with Lowers & Associates, a premier risk management firm, specializing in crime and fidelity risk evaluation and consulting.

- **Chubb's complimentary risk guide,** Combating Social Engineering Fraud, a take-and-use guide which allows Insureds to evaluate their internal controls related to social engineering fraud.

### The ForeFront Portfolio

The ForeFront Portfolio is part of an evolution in one of Chubb's market-leading series of management liability products that have been specifically tailored to meet the individual needs of private companies, not-for-profit organizations, and healthcare organizations. With up to seven optional coverage parts, each coverage part works as a standalone policy or seamlessly together to minimize gaps and reduce overlaps in insurance coverage, providing companies choice and flexibility to help manage their individual and corporate exposures. It is a comprehensive insurance solution specifically designed to help companies not only survive, but thrive despite the most complex threats of litigation, extortion, and other white-collar crimes that may expose their bottom line.

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