



Fidelity / Crime Division

**Gaming Brochure**

*Gaming patrons are the only ones who should be playing a game of chance!*



Fidelity / Crime Division

Your Partner in Crime®

## Our Approach to Gaming

Great American has been a leader in the gaming industry since 1995. We are the largest writer of crime insurance in Nevada, due in part to our reputation and active involvement in the gaming industry. We provide coverage for, but not limited to, the following:

- Casinos
- Racetrack Betting and Satellite Wagering Facilities
- Gaming Boats
- Lotteries
- Bars and Restaurants with Gaming
- Card Clubs
- Hotels and Nightclubs
- VLT Operations

The Great American Fidelity / Crime Division can offer **\$50 million** in capacity for commercial crime and can tailor coverage to meet the specific needs of our casino clients.

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should be playing a game of chance!**

## Are you prepared for Mary?\*

### **Human-capital considerations top the list of current managerial concerns in the gaming industry.**

Mary was employed as an accountant within a casino, where her duties included the final stages in approving and processing payments to various vendors.

She was the classic long-term employee and well respected within the community. She did her job exceptionally well; in fact, she trained many of the supervisory personnel to whom she reported. Mary had been at her job so long she was considered the department matriarch.

Being in her late fifties and near retirement, she looked forward to spending her golden years with family. She dressed modestly, didn't have flashy jewelry or expensive cars, and didn't take lavish trips. She had a modest house in a small community in the surrounding area, which was also the location of her husband's business.

Mary's husband owned a computer business that successfully obtained a contract to supply computers to the casino, which included distribution and maintenance of the computers. Mary was the final processor for the payment of the invoices involving her husband's business related to his contract with the casino. She knew the computer systems inside and out and knew what the auditors looked for.

Mary had a coworker who was the initiator of the payment process. The payment process started with Mary's coworker inputting a payment on her own workstation, using her own password. The transaction was then forwarded to Mary, who reviewed the documentation and approved the payment on her computer using her own password. Controls seemed adequate as the process couldn't be started or completed without the two employees and their individual passwords.

To promote good customer service and compensate vendors needing payment on short notice, the accounting department established a manual process where vendors could pick up a manual check.

As Mary emphasized the importance of customer service, she convinced her coworker she needed her password in case she was out sick or on vacation. Being the trusted individual that Mary was, the coworker provided Mary with her computer password.

One day, upon returning from lunch, the coworker noticed a check was entered on her workstation payable to Mary's husband's business. She knew she didn't input the check and she immediately notified a manager. An investigation launched and it was discovered that Mary was processing the legitimate invoices on her husband's business and these checks were being mailed. She would then duplicate the invoice and while her coworker was out, she would initiate an identical check, payable to her husband's business, to be picked up as a manual check.

Again, because Mary was a long-term employee, and her husband's business was well known in the community, no one suspected anything out of the ordinary when Mary picked up the check.

The final audit revealed a loss of over \$1.3 million which had been perpetrated over a period of six years.





Loss isn't measured in just cash and chips, but in costly crimes like vendor fraud, payroll schemes and computer fraud.

**Nearly 50% of all losses** incurred by casinos are attributed to employee theft.



## Don't Roll the Dice

### **Choose Great American for Your Insurance Needs**

Gaming entities have an enormous turnover of money and chips on a daily basis, making them more susceptible to loss. Additionally, there is a large credit operation for approved players. From the blackjack table to the sports book to the accounting operations, vast amounts of money and chips cross the hands of countless employees and guests. Employees and patrons still commit fraud against casinos despite extensive security measures.

There is a misconception with gaming risks that their main crime exposure is cash and chips. However, gaming risks have many of the same exposures as other businesses, such as vendor fraud, payroll schemes and computer fraud. The Great American Fidelity / Crime Division can offer \$50 million in capacity for commercial crime and can tailor coverage to meet the specific needs of our clients.

Casinos are a favorite entertainment venue for millions of people each year. That is good news for casino operators. But millions of guests mean casinos must hire many employees. Like many other businesses, business growth and human resources do not always go hand in hand.

Recent studies and surveys reveal that human-capital considerations top the list of current managerial concerns in the gaming industry. They have good reason.

Many sources document that nearly 50 percent of all losses incurred by casinos are attributed to employee theft. The major types of employee theft/misdeeds include:

- Cash-handling positions on the gaming floor, in cashiers' cages, back rooms, and POS (Point of Sale) terminals are particularly susceptible.
- Bogus comp entry for paid drinks (customer pays but bartender pockets the money and states the drink was provided at no charge). This bogus comp entry can extend to rooms, meals and entertainment.
- Theft of alcohol/food from casino receiving docks, theft of guest possessions by staff, housekeeping, etc.

Casinos should focus more resources to recruiting and selecting potential employees who are dependable, honest and customer focused. It is suggested casino management should adopt comprehensive tools to screen out high-risk candidates and better identify workers with good reasoning abilities, compatible personalities and positive attitudes.

Source: <http://www.perfectlaborstorm.com/2012/01/casinos-attribute-50-percent-of-all-losses-to-employee-theft/>

**We offer the following services to our gaming customers:**

- As part of our commitment to this business, we publish an annual newsletter, which is provided to our customers. The newsletter tracks crime-related issues and trends in the gaming industry.
- We have a relationship with a loss control firm experienced in this business. This firm can conduct loss control surveys and work with customers to improve security and operations of their facility.
- Our claims adjusters are experienced in handling gaming losses. Many have over 30 years of experience with gaming risks.
- Casino chips are covered in our standard policy wording under the definition of “securities”.

Great American Insurance Company is rated “A+” (Superior) by AM Best (affirmed October 28, 2020). Great American Insurance Company is one of only two companies in the U.S. to hold an AM Best Rating of “A” or better for over 110 years and also be listed on the 2020 Ward’s Top 50 for insurance company performance.

**Kidnap, Ransom and Extortion coverage is another specialized product we offer our customers. We have \$65 million in capacity and offer the crisis management services of Control Risks.**



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*Your Partner in Crime*<sup>®</sup>

for all the *great* you do<sup>®</sup>

Great American  
Insurance Company

**110+** years  
with an **A** or better  
rating by  
AM Best

Ward Group<sup>®</sup>, 2020 Ward's 50 Property and Casualty Companies.

\*Great American's "Are You Prepared for Mary?" is a fictional narrative, based on situations that have been reported. The above mentioned fraud scenario is provided to illustrate a potential exposure your client could encounter. The facts of any situation which may actually arise and the terms, conditions, exclusions, and limitations in any policy in effect at that time are unique. Thus, no representation is made that any specific insurance coverage applies to the above fraud scenario. Great American Insurance Group, 301 E. Fourth St., Cincinnati, OH 45202. Coverage description is summarized. Refer to the actual policy for a full description of applicable terms, conditions, limits and exclusions. In the US: Policies are underwritten by Great American Insurance Company, an authorized insurer in all 50 states and the D.C. In Canada: Policies are underwritten by Great American Insurance Company, a foreign insurer authorized to insure risks in all Canadian Provinces and Territories. The Chief Agency of the Canadian Branch of Great American Insurance Company is located at Scotia Plaza, Suite 2100, 40 King Street West, Toronto, Ontario M5H 3C2. Great American Insurance Company is not responsible for any non-compliance with the applicable Insurance Act in your province or territory and any applicable marketing guidelines issued by a regulatory authority with jurisdiction. © 2021 Great American Insurance Company. All rights reserved. 4417-FIC (05/21)