

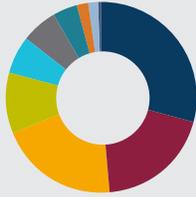


Your Partner in Crime®

Why Buy Crime Insurance

Organizations around the globe lost an estimated \$4.7 trillion to fraud in 2021 alone.*

Internal Control Weaknesses that Contributed to Fraud*



- 29% Lack of Internal Controls
- 20% Override of Existing Internal Controls
- 16% Lack of Management Review
- 10% Poor Tone at the Top
- 8% Lack of Competent Personnel in Oversight Roles
- 7% Other
- 5% Lack of Independent Checks/Audits
- 3% Lack of Employee Fraud Education
- 2% Lack of Clear Lines of Authority
- <1% Lack of Reporting Mechanism

Behavioral Red Flags of Fraud*



- 39% Living Beyond Means
- 25% Financial Difficulties
- 20% Unusually Close Association with Vendors or Customers
- 13% Control Issues, Unwillingness to Share Duties
- 12% Irritability, Suspiciousness, or Defensiveness
- 12% Bullying or Intimidation
- 11% Divorce/Family Problems
- 10% Wheeler-Dealer Attitude

Fast Facts*

- The typical organization loses 5% of revenues in a given year as a result of fraud.
- 50% of victim organizations declined to refer cases to law enforcement because internal discipline was sufficient.
- More than 21% of occupational fraud reported resulted in a loss of at least \$1 million.
- Corruption and billing schemes comprised of 73% of frauds reported.
- Small businesses lose almost twice as much per scheme to occupational fraud.
- Industries most commonly victimized by occupational fraud are the banking and financial services, government and public administration and manufacturing sectors.
- 49% of occupational fraud comes from four departments: operations, accounting, executive/upper management, and sales.
- 52% of victim organizations did not recover any fraud losses.
- Perpetrators with higher levels of authority tend to cause much larger losses.
- The longer a perpetrator has worked for an organization, the higher fraud losses tend to be.

The Use of Targeted Anti-Fraud Controls has Increased over Last Decade*



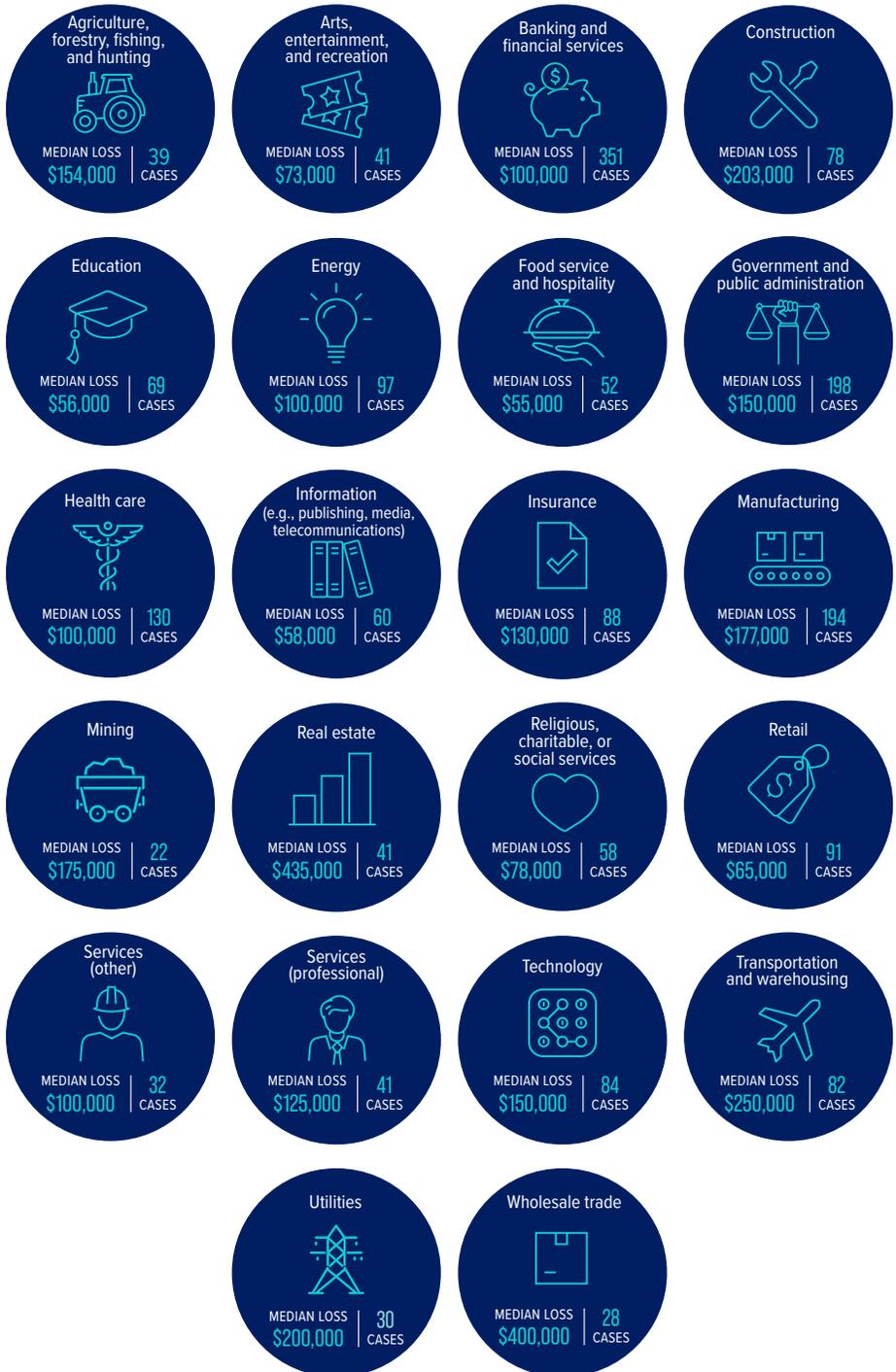
Profile of a Fraudster*

- 87% have never been charged or convicted of a prior offense
- 62% of fraudsters were Owner/Executives
- 85% of fraudsters displayed at least one Behavioral Red Flag of Fraud
- 54% of fraudsters are between the ages of 31 and 45
- 65% possess a university degree or higher
- 73% of occupational fraud perpetrators were male

Industry of Organization

Survey participants were asked to identify the victim organization's industry. The industries affected by the greatest number of cases in our study were banking and financial services, government and public administration, and manufacturing. It is important to note that this does not necessarily mean that more fraud occurs in these industries; rather, it might indicate that these industries employ more CFEs than others. The real estate industry suffered the highest median loss of USD 435,000, followed by the wholesale trade sector with the next-highest median loss of USD 400,000.

FIG. 20 how does occupational fraud affect organizations in different industries?





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Why Buy Great American Crime Insurance?

Great American's Fidelity / Crime Division has been providing mono-line crime coverage in the United States and internationally since 1995. We offer \$50 million in capacity for Mercantile, Financial Institution, Governmental, Armored Car/Valuables, Fine Arts and Specialized Products. We also offer \$65 million in capacity for our Kidnap, Ransom & Extortion coverage. Our new Small Business Program offers up to \$3 million in coverage.

We can tailor coverages to meet the specific needs of our clients. Our most experienced Claims and Underwriting staff average over 30 years in their respective fields. This experience, combined with our specialized products, has contributed to our consistent growth within the marketplace.

Targeted Classes of Business

- General Commercial Business
 - Retail, Technology, Hospitality, Healthcare, etc.
- Small Business
 - Janitorial Companies, Architectural Companies, and General Contractors
- Specialized Classes of Business
 - Gaming, Check Cashiers, Security Guards and Kidnap, Ransom & Extortion
- Fidelity Crime Specie International
 - Armored Car, Mining, Valuable Metals and High Value Cargo, and Fine Arts
- Financial Institutions
 - Finance Companies, Mortgage Bankers, Broker/Dealers, Banks, Insurance Companies and Investment Company Bonds
- Governmental Entities
 - Municipalities, School Boards, Public Utilities, etc.

Coverage Highlights Include:

- Employee Theft
- Forgery or Alteration
- Inside the Premises
- Outside the Premises
- Computer Fraud
- Money Orders & Counterfeit Currency
- Clients' Property Coverage
- Funds Transfer Fraud
- Fiduciary Theft ERISA Coverage
- ERISA Theft Coverage

Coverage Enhancements Available:

- Credit, Debit or Charge Card Forgery
- 90-Day Notice of Cancellation
- Definition of Employee to include:
 - Non-Compensated Officers Directors or Trustees on Committees, Volunteer Workers other than Fund Solicitors, Retired Employees Retained as Consultants

Additional endorsements are also available for consideration upon request.



3rd Largest Crime Writer SFAA Named

* 2022 Statistics. ACFE Occupational Fraud 2022: A Report to the Nations. 2,110 companies participated in the study.

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