**Do You Need Crime Insurance?**

Unfortunately, businesses of all sizes and in all industries are vulnerable to dishonest acts. Crime insurance provides coverage that isn't part of general business insurance policies. It is designed to protect your business from losses that result when your employees or other third parties commit dishonest acts.

**Does your business need crime insurance?**

Your business may need crime insurance if it:

* Hires employees or uses volunteers to perform tasks
* Conducts business with customers or vendors
* Maintains customer records
* Maintains company financial records
* Accepts cash, checks, or credit card payments
* Maintains inventories of goods or materials

**Protects your business against a variety of losses**

Generally, crime insurance covers you for losses arising from the following types of dishonest acts:

* Dishonesty of employees (including volunteers)
* Theft, disappearance, or destruction of property
* Computer fraud
* Robbery and burglary of a safe
* Robbery outside the premises
* Forgery or alteration
* Burglary from the premises

**How is crime insurance different from burglary coverage?**

Crime insurance is different from burglary insurance, which is available separately. Burglary insurance policies usually require evidence of forced entry into the premises before claims will be paid. Crime insurance covers your business for burglary, even if your losses don't involve forced entry.

For example, let's say that your manager neglects to lock the back door to the building before leaving. The following day, you discover that most of your stock is missing from the storage area. Because there is no sign of forced entry, a burglary insurance policy probably won't cover your loss. However, a crime insurance policy would.

**Specifically covers dishonest acts of employees**

Dishonest acts are not restricted to any particular group. Average people with average morals can be tempted to commit fraud if the opportunity exists and their situation is desperate enough. Companies have been victimized by the dishonest acts of strangers, dissatisfied customers, unhappy stockholders, and employees from entry-level workers to chief executives. However, most general insurance policies specifically exclude coverage for losses arising from dishonest acts committed by employees. Crime insurance can be used to fill this gap in coverage.

For example, a routine inventory of your company's stockroom indicates shortages of raw materials. An investigation reveals that an employee has been removing the materials and selling them. The loss wouldn't be covered under your general insurance policy because an employee was involved. If your business is covered by crime insurance, though, your loss would be recoverable.

**Covers fraudulent acts committed by third parties**

In addition to employee fraud, most crime insurance policies cover dishonest acts (e.g., forgery, counterfeit currency scams, theft of company property) that are committed by a third party. Coverage is also available to protect your business against losses due to computer fraud committed by hackers who are after company funds, customer credit card numbers, or other financial data. Finally, coverage is available for cases of identity fraud committed by someone posing as an employee or agent, such as a delivery person.

**Can cover irreplaceable items**

The theft of one replaceable laptop computer of modest value could also mean the loss of irreplaceable data stored on the laptop. Coverage is available for items such as an author's unfinished manuscript, historical company documents and records, and irreplaceable data and customized software that could halt business operations.

**Policy can be customized to the needs of your business**

Commercial crime insurance can be purchased as a stand-alone policy or as part of a package policy that includes several types of insurance coverage. There are 17 coverage forms for crime insurance, which can be combined in a variety of ways to create a policy tailored to the particular needs and risks of your business.

Note: Your insurance company will review the security measures already in place at your business, and it may impose certain security requirements before it writes a crime insurance policy and sets the premiums for your business.

**What isn't covered?**

Commercial crime policies exclude coverage in some situations, such as:

* Dishonest and criminal acts committed by the insured (though coverage may be available for acts committed by the company's directors or the insured's partners, so check with your agent)
* Government seizure or destruction of property
* Indirect losses from a criminal act, such as loss of income, damages in a lawsuit, or your expenses in establishing the amount of loss under the policy
* Legal expenses
* War