

Technical Specifications: Commercial Crime Insurance

Australian businesses are more vulnerable to fraud than ever before

Corporate fraud is an unfortunate fact of business life, impacting businesses of all sizes, across all industries, in various ways. Although insider fraud is usually committed by a small number of employees, the consequences of internal fraudulent practices can be significant. Examples of insider fraud include invoice fraud and deceptive procurement practices, often carried out by financially strained employees who are attracted by the opportunistic crime.

Additionally, organised crime groups and other bad actors have capitalised on identified weaknesses in fraud controls, driven by disrupted business practices. While there is no guaranteed method to prevent fraud, the risk can be reduced by taking a systematic and considered approach to its management, including purchasing a comprehensive Commercial Crime insurance policy.

The Liberty Specialty Markets (Liberty) 09-22 Commercial Crime Insurance policy wording is designed to respond to such challenges and provide broad balance sheet protection.

The Liberty Advantage

- ▶ Liberty's 09-22 Commercial Crime Insurance policy wording offers comprehensive cover.
- ▶ Liberty is able to offer limits up to US\$10 million, which makes Liberty an attractive lead insurer for large publicly listed and private companies.
- ▶ Our multinational footprint facilitates the placement of Commercial Crime Insurance policies throughout the world.
- ▶ Our claims specialists have local claims authority, which allows claims to be processed in the timeliest manner.
- ▶ Our experienced underwriters have local authority to tailor the policy to suit insured's needs. In practical terms, this means no waiting for overseas approval.
- ▶ Backed by our parent company, Liberty Mutual Group – a Fortune 100 company – Liberty has the financial strength and experience to proactively manage claims.
- ▶ Liberty has a proven history of stability throughout volatile market conditions.

What cover is offered under Liberty's 09-22 Commercial Crime Insurance policy?

Insuring Clauses

- ▶ **Employee Fidelity – Insured Property** – provides cover for direct loss of money, securities or other property sustained by an insured entity, resulting directly from fraudulent, dishonest, malicious or criminal acts committed by an insured entity's employee.
- ▶ **Employee Fidelity – Client Property** – provides cover for direct loss of money, securities or other property sustained by an insured entity's client, resulting directly from fraudulent, dishonest, malicious or criminal acts committed by an insured entity's employee.
- ▶ **Forgery or Alteration** – provides cover for direct loss of money or securities sustained by an insured entity due to forged or altered instruments being drawn by, or drawn upon, the insured entity or its agent.
- ▶ **Direct Loss Inside the Premises** – provides cover for direct loss of money or securities, sustained by the insured entity, held inside the insured entity's premises, resulting from theft, disappearance, or destruction. Cover is also provided for direct loss of other property held inside the insured entity's premises, resulting directly from robbery or safe burglary.
- ▶ **Direct Loss Outside the Premises** – provides cover for direct loss of money or securities, sustained by the insured entity, located outside the insured's premises, resulting from theft, disappearance or destruction. Cover is also provided for direct loss of other property due to robbery. It is a requirement of this insuring clause that the money, securities and other property must be located outside the insured premises and in the care and custody of either a messenger of the insured entity or an armoured motor vehicle company.
- ▶ **Computer Fraud** – provides cover for direct loss of money, securities or other property sustained by an insured entity, resulting from a computer violation used to fraudulently transfer money, securities or other property to a third party.
- ▶ **Funds Transfer Fraud** – provides cover for direct loss of money or securities sustained by an insured entity, resulting directly from a fraudulent instruction to transfer money or securities from an account maintained by an insured entity at a financial institution, without the knowledge or consent of the insured entity's employees.
- ▶ **Social Engineering Fraud** – provides cover for direct loss of money or securities sustained by an insured entity, resulting directly from social engineering fraud. Cover under this insuring clause is limited to a single limit of insurance for any one occurrence and in the aggregate for the policy period.
- ▶ **Money Orders & Counterfeit Paper Currency** – provides cover for direct loss of money or securities sustained by an insured entity, resulting directly from an insured entity or its employee accepting a money order or counterfeit paper currency in good faith and in the ordinary course of business.

Other Extensions Include:

With the exception of the Legal Expenses Extension and the New Subsidiaries Extension, payment under an extension will be made at the time of payment of any valid and collectible loss under the insuring clause that is the subject of a claim under this policy and only in excess of the Excess applicable to such insuring clause.

- ▶ **Claim Expenses** – provides cover, subject to a sub-limit of insurance, for the reasonable expenses incurred by the insured entity to establish the existence and amount of a covered loss.
- ▶ **Legal Expenses** – provides cover, subject to a sub-limit of insurance, for the reasonable legal expenses incurred by the insured entity in investigating, defending or settling any legal proceeding to determine an insured entity's liability for any loss, claim or damage which, if established, would constitute a covered loss.

- ▶ **Interest Receivable or Payable** – provides cover, subject to a sub-limit of insurance, for interest which would have been received by the insured entity but for the covered loss or interest payable by the insured entity as a direct result of the covered loss.
- ▶ **Public Relations Expenses** – provides cover, subject to a sub-limit of insurance, for reasonable costs and expenses incurred by the insured entity in engaging a public relations firm or consultant solely for the benefit of protecting the insured entity's reputation as a result of negative publicity arising from a covered loss.
- ▶ **Restoration Expenses** – provides cover, subject to a sub-limit of insurance, for restoration expenses, being the reasonable costs and expenses incurred by the insured entity to reproduce computer programs or electronic data, resulting from direct loss covered under certain insuring clauses.

Other Extensions include:

- ▶ New Subsidiaries
- ▶ Extended Discovery Period

Limits of insurance

The limit of insurance specified in the policy schedule for each insuring clause applies to any one occurrence, regardless of the number of occurrences in any policy period. An exception applies in respect of the Social Engineering Fraud Insuring Clause to which a single limit of insurance applies for any one occurrence and in the aggregate for the policy period.

What's excluded?

Liberty's Commercial Crime Insurance policy wording has common exclusions applicable to all insuring clauses. It also has additional exclusions applicable to specific insuring clauses. Please ensure that you review these exclusions in conjunction with the policy wording.

Responsive and integrated claims management

Liberty's claims team takes a pragmatic, commercial approach to claims resolution.

Our claims team acts decisively and looks for ways to pay claims fairly and dependably. We work together as one team to build long-term relationships with our brokers and clients, making excellent customer service a priority.

Global reach. Financial strength. Local authority.

Distinct, complex and constantly evolving – every business is as unique as its insurance needs. To confidently progress in the face of risk and uncertainty requires a level of security you can only achieve through working with specialists.

Liberty Specialty Markets offers a breadth of world-class insurance and reinsurance services to brokers and insured clients. We bring value and solutions to more than 26,000 of Asia Pacific's most significant business and government organisations – helping protect what they earn, build and own.

We're part of the global Liberty Mutual Group, a Fortune 100 company that's been in business since 1912 with a Standard and Poor's 'A' rating.



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