

### What is Fidelity/Crime Insurance?

Fidelity/Crime Insurance insurance protects organizations from loss of money, securities, or inventory resulting from crime. Common Fidelity/Crime insurance claims allege employee dishonesty, embezzlement, forgery, robbery, safe burglary, computer fraud, wire transfer fraud, counterfeiting, and other criminal acts.

These schemes involve every possible angle, taking advantage of any potential weakness in your company's financial controls. From fictitious employees, dummy accounts payable, non-existent suppliers to outright theft of money, securities and property. Fraud and embezzlement in the workplace is on the rise, occurring in even the best work environments.

Liabilities covered by crime insurance usually fall into two categories, although many policies combine both types of coverage:

- money and security coverage pays for money and securities taken by burglary, robbery, theft, disappearance and destruction.
- employee dishonesty coverage pays for losses caused by most dishonest acts of your employees, such as embezzlement and theft

### When do I need Fidelity/Crime Insurance?

Any business employer needs to be concerned with Employee Dishonesty. Any business handling cash or securities needs protection from robbery or theft. Because crime-related losses are not typically covered by most property insurance policies, crime protection insurance is a necessary component for any business. Unfortunately, the majority of businesses don't purchase enough crime protection.

### Why do I need Fidelity/Crime Insurance?

Fraud and embezzlement in the workplace is on the rise, occurring in even the best work environments. These frauds can go on for years, and when discovered the ultimate impact can be enormous. Smaller companies are especially vulnerable to such crimes.

White collar crime can have serious financial consequences, even threatening a private company's survival. InsureHedge offers a solution to handling crime losses committed by employees, through ForeFront Crime Liability Insurance Policy.

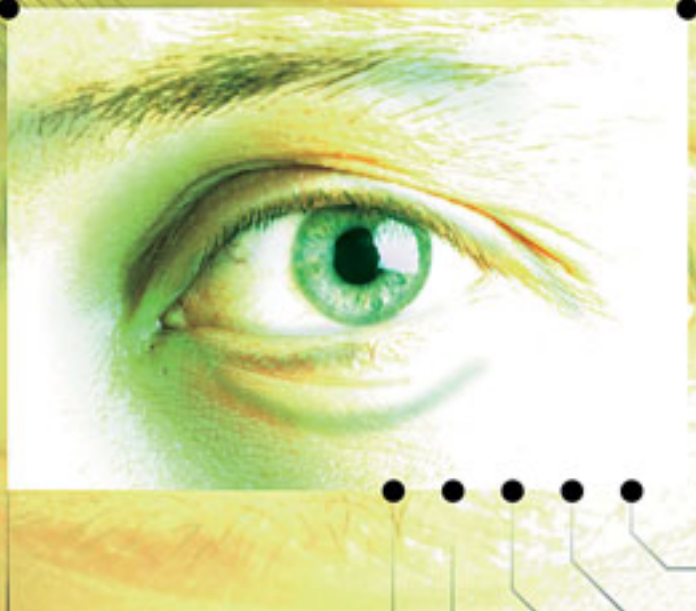
### It might not be the book keeper

Doing business in today's economic environment can create significant amounts of risks. As companies nationwide try to find ways to keep their doors open, they're downsizing, merging, and consolidating. Notably, these are the types of activities that cause employees to believe they're justified in committing fraud. Employee fraud is a growing problem that involves such serious scams as asset misappropriations, fraudulent financial statements, bribery, and even corruption.

Currently, it's estimated that American businesses lose more than \$40 billion annually due to employee fraud. Recent studies have found that the most harm comes from the executive suite, not from a disreputable bookkeeper. The study, prepared by the *Treadway Commission*, found that higher-level executives of the victim's company caused 83% of fraud that occurred from 1987-1997.

As with most risks, prevention is the best way to reduce losses. Companies must implement internal checks and balances to assure ethical behavior. Companies also should be certain to obtain the proper commercial crime coverage. If you have questions about your crime coverage, don't hesitate to contact our staff for a coverage review.

To put it bluntly: it is the loyal, long term, conscientious and trusted employee whose dishonesty can put you out of business. The book-keeper who never takes a vacation and is never sick. The payroll clerk who always makes sure that he or she distributes everybody's paycheck. The stock clerk who is always there. The long term employee who is "just like family." Let's face it. Only employees like this really have the opportunity steal over a long period of time. Only employees like these can take enough to jeopardize the financial survival of your firm. Robbery and Burglary may be more spectacular and hit the local headlines - but that's a one time event, and rarely does enough monetary harm to damage the firm's financial strength permanently.



## Providing Business Insurance Since 1895

InsureHedge is a division of Gaston & Associates, Inc., a fourth generation family held independent insurance agency with a history dating to 1895. InsureHedge's marketing territory is national (and international) in scope, and we hold property-casualty and life-health licenses in all states except Hawaii.

InsureHedge is a risk management division focused exclusively on the unique coverage needs of financial exposures, and represents many leading companies in the financial community in a wide variety of ways. These range from ordinary business insurance responsibilities to the implementation of sophisticated retention plans to address the disproportionate relationship between high salaries and low exposure in the workers compensation needs of financial companies.

InsureHedge has become a world leader in all forms of professional liability insurance products for hedge funds and financial institutions by proactively anticipating changing client needs in order to offer the most up-to-date solution. We serve about three thousand clients in the U.S., Canada, Carribean and in Europe.

## Mission Statement

The mission of Gaston & Associates is to provide professional insurance services to the clients we represent.

- ✓ We strive to develop a customer base that will appreciate our service orientation and value added approach.
- ✓ We provide our clients with competitive, high quality insurance oriented products.
- ✓ We endeavor to maintain long-term customer relationships that are based on coverage and service.
- ✓ We embrace automation as a means to enhance service and improve communication.

To accomplish these goals, we establish departments, standards, workflows and procedures that enable us to provide a consistently high level of service to our customers. We staff each department with competent, ethical, individuals who are dedicated to continuing education and professional development.

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