



Crime Insurance

The standard commercial policy states that covered property does not include accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities. Most commercial policy forms also exclude dishonest acts by employees. Crime insurance is designed to cover the risk of losing money and securities because of fraudulent acts committed against a business in the course of its operations. Additional coverage can be added which extends coverage for theft by employees of money, securities or other types of property.

Typical dishonest acts that are usually covered by crime insurance are:

1. employee dishonesty or theft;
2. forgery or alteration of checks or promises of payment;
3. theft of money and securities from inside the business premises;
4. theft of money, securities or other properties from company representatives when they are away from the premises;
5. computer fraud;
6. fraudulent funds transfer;
7. loss from counterfeit currency or money orders.



There are some losses that crime insurance coverage is not designed to handle. Inventory shortages typically would not be covered. A business may voluntarily give another party items of value (voluntary parting) by design or in error. For example, a business might make a partial payment for an item that is never received which is not a loss to the business that would be covered. A business, such as a dry cleaner or a repair shop, will have property belonging to others, which is in the business's care. The business may accidentally give this property to the wrong customer with no ability to retrieve the property. For the second example of voluntary parting, coverage is available for purchase.

This article is only a brief description of crime coverage. Different policies extend or limit coverage differently. Make sure to call our office for specific questions you may have or to schedule a comprehensive review of your coverages.

Business Income Made Simple

To grasp the concept of business income, you need an understanding of time. Everything about this coverage hinges on estimating the time period needed to get back into business after a loss. While it is necessary to determine the correct amount of coverage and make sure you meet the appropriate coinsurance requirements, it all falls into place once a determination of a timeframe is established.

The Need

According to FEMA, there were 116,500 non-residential and commercial structure fires in the United States during 2007. That equates to a structure fire every four and a half minutes. These fires generated losses of nearly \$3.1 billion in direct damage alone, not including the loss of business income. Fire losses represent only a fraction of all losses that result in a business closing its doors, at least temporarily.



The insurance industry has estimated 25 percent of businesses who have suffered catastrophic losses will never reopen, and a significant number will close their doors within five years, never recovering from the interruption in their cash flow. The Institute for Business and Home Safety, while studying losses from major disasters such as hurricanes, floods and tornados, made the same conclusion that 25 percent of businesses who have suffered closure from a natural disaster never reopen.

The Method

There are four key objectives that must be accomplished as quickly as possible.

1. Rebuild the structure or move to another location.
2. Replace machinery and restore to operational status.
3. Replace raw stock for manufacturing operations, and replace goods available for sale for retail operations.
4. Return to full operational capability.

Conclusion

Most businesses that never reopen do not fail because they did not have enough property coverage, but because their loss of income accompanied by ongoing expenses cripple the business, offering little chance of continued operation. At the heart of every business is the expectation of profit. Businesses rarely argue about the importance of insuring buildings and equipment. It makes perfect sense to insure the item of greatest value in your business, and that is your income stream.

You are the best judge of how long it would take to get your physical house in order. Once you make that analysis, we will help you determine the appropriate amount of coverage and make sure you meet the required coinsurance requirements.