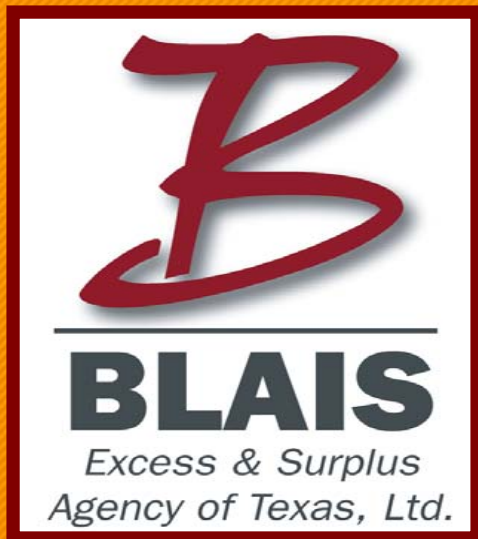


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*FEBRUARY 26, 2010*  
*2:45 P.M.*

*CRIME ADDITIONAL INSURING*  
*AGREEMENTS*  
*Part 2 of 4*  
*WEBINAR*



Presented by:  
BLAIS EXCESS & SURPLUS AGENCY OF TEXAS, LTD.  
[www.blaisexcess.com](http://www.blaisexcess.com)  
*February 26, 2010*

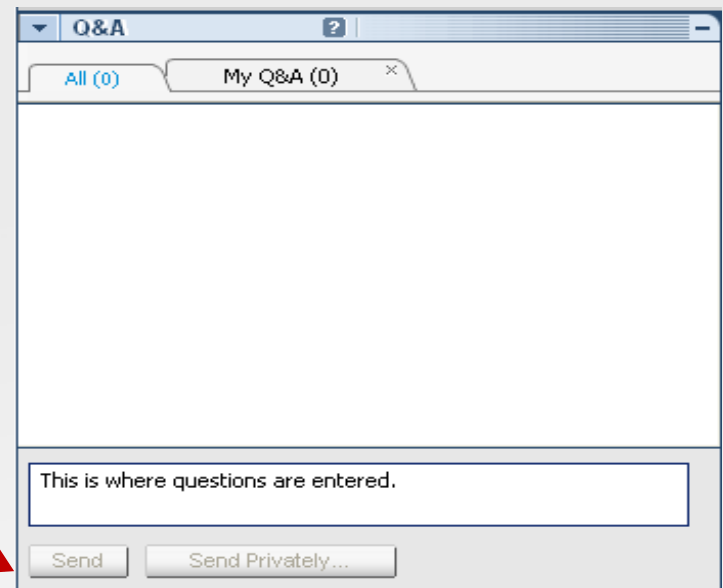
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# CRIME WEBINAR DETAILS



**Our webinar is being offered through an audio broadcast mode. Audio broadcast automatically starts when an attendee joins the event. Attendees can play, pause or stop the broadcast. Remember to take our mute button off your speakers if you cannot hear the presenter! Please adjust the volume on your speakers.**

- **The Q&A Panel can be used throughout the presentation.**
- **Enter your question and then hit send.**



# CRIME WEBINAR PANELISTS



Philip T. Blais	Blais E&S – Dallas	<a href="mailto:philt@blaisexcess.com">philt@blaisexcess.com</a>
Drew Younger	Blais E&S – Houston	<a href="mailto:drew@blaisexcess.com">drew@blaisexcess.com</a>
Dave Swann	Blais E&S – Dallas	<a href="mailto:swann@blaisexcess.com">swann@blaisexcess.com</a>
Mark Swope	Blais E&S - Austin	<a href="mailto:swope@blaisexcess.com">swope@blaisexcess.com</a>
Scott Stortzum	Blais E&S – Houston	<a href="mailto:scott@blaisexcess.com">scott@blaisexcess.com</a>
Nhu Tran	Blais E&S – Houston	<a href="mailto:nhu@blaisexcess.com">nhu@blaisexcess.com</a>



# CRIME WEBINAR AGENDA



## CRIME COVERAGE PART 2 TOPICS COVERED

### **Optional Crime & Fidelity Insuring Agreements**

THE BLAIS E&S  
CRIME COVERAGE WEBINAR SERIES CONSISTS OF FOUR PARTS

PART 1  
Basic Crime  
Coverage  
Form

PART 2  
Additional  
Insuring  
Agreements

PART 3  
Additional  
Crime  
Endorsements

PART 4  
Application  
Process & Issues



# INTRODUCTION



During this webinar, Blais staff members will review in detail the optional crime and fidelity insuring agreements that can be added to the standard commercial crime policy.

This webinar is part two of a series of four webinars devoted to Crime Coverage produced by Blais E&S.

# INTRODUCTION

## BASIC CRIME INSURING AGREEMENTS

*(DISCUSSED IN CRIME SERIES PART 1)*



1 - EMPLOYEE THEFT

2 - FORGERY AND ALTERATION

3 - INSIDE THE PREMISES (THEFT OF MONEY & SECURITIES)

4 - INSIDE THE PREMISES (ROBBERY OR SAFE BURGLARY)

5 - OUTSIDE THE PREMISES

6 - COMPUTER FRAUD

7 - FUNDS TRANSFER FRAUD

8 - MONEY ORDERS AND COUNTERFEIT MONEY

# ADDITIONAL INSURING AGREEMENTS



1 – CLIENT'S PROPERTY

2 – EXTORTION – COMMERCIAL ENTITIES

3 – EXTORTION – GOVERNMENT ENTITIES

4 – INSIDE THE PREMISES -THEFT OF OTHER PROPERTY

5 – INSIDE THE PREMISES – ROBBERY OF A WATCHPERSON OR BURGLARY OF OTHER PROPERTY

6 – INSIDE THE PREMISES – ROBBERY OF A CUSTODIAN OR SAFE BURGLARY OF MONEY AND SECURITIES



# ADDITIONAL INSURING AGREEMENTS



7 – EMPLOYEE THEFT – NAME OR POSITION SCHEDULE

8 – LESSEES OF SAFE DEPOSIT BOXES

9 – SECURITIES DEPOSITED WITH OTHERS

10 – GUEST'S PROPERTY

11 – SAFE DEPOSITORY

12 – DESTRUCTION OF ELECTRONIC DATA OR COMPUTER PROGRAMS

13 – UNAUTHORIZED REPRODUCTION OF COMPUTER SOFTWARE BY EMPLOYEES

# ADDITIONAL INSURING AGREEMENTS



## CLIENT'S PROPERTY:

This insuring agreement is similar to the Employee Theft insuring agreement except for a very important restriction. The employee or employees who commit the theft must be identified. There is no coverage if the guilty employee or employees involved cannot be identified. In order to be covered by this insuring agreement, property must be owned or leased by the client or be property held by the client for others or consist of property for which the client is legally liable.

# ADDITIONAL INSURING AGREEMENTS



## *CLIENT'S PROPERTY - CLAIMS EXAMPLE*

Farley Window Cleaning Service receives notice that five computers are missing from the Premium Office location. Farley's employees were the last persons on the Premium Office premises. There is no coverage under Farley's commercial crime coverage for this situation because Farley was not holding Premium Office's property. However, if it had been attached, coverage under Form CR 04 01–Clients' Property could apply if the claim is substantiated.



**Farley staff cleans Premium Office location  
and computers go missing**



# ADDITIONAL INSURING AGREEMENTS



## EXTORTION COMMERCIAL ENTITIES:

These endorsements cover extortion payments made because of threats of bodily harm directed against the insured's employees, officials and captured or allegedly captured relatives. They also cover threatened damage to the insured's premises or property on the premises.

# ADDITIONAL INSURING AGREEMENTS



## *EXTORTION COMMERCIAL ENTITIES - CLAIMS EXAMPLE*

Mindy receives a call informing her that unless she places \$10,000 in a briefcase and leaves it on a park bench within the next hour, her building will be destroyed. This endorsement covers the money and the briefcase. Mindy, concerned about her safety, calls a private detective and pays him to deliver the briefcase. The expense of the private detective is not covered.



# ADDITIONAL INSURING AGREEMENTS



## EXTORTION GOVERNMENT ENTITIES:

The only difference between Extortion–Commercial Entities and Extortion–Government Entities is the definition of who is covered. Under the commercial entities form, employees, directors, trustees, partners, members, managers and proprietors are insured persons. Under the government entities form, officials, employees or invitees are insured persons.

# ADDITIONAL INSURING AGREEMENTS



## INSIDE THE PREMISES – THEFT OF OTHER PROPERTY:

This insuring agreement has two separate parts:

1. Coverage for loss or damage of property other than money and securities. The loss of damage must be due to a theft while the property is inside the premises.
2. Coverage for property damage to the exterior and interior of the premises due to theft or attempted theft. This coverage applies only if the premises is owned by the insured or the insured is legally liable for damage to the premises.

A number of exclusions apply to this additional clause.

# ADDITIONAL INSURING AGREEMENTS



## INSIDE THE PREMISES – ROBBERY OF A WATCHPERSON OR BURGLARY OF OTHER PROPERTY:

This insuring agreement has two separate parts:

1. Coverage for property other than money and securities, but only if a watchperson is robbed inside the premises or the premises is burglarized.
2. Coverage for property damage to the exterior and interior of the premises due to robbery or burglary. This coverage is only available for premises owned by the insured or in cases where the insured is legally liable for the damage.

**Note:** There is NO COVERAGE unless there is actual evidence of a crime. There must be visible marks of forced entry or the watchperson must have been threatened.

# ADDITIONAL INSURING AGREEMENTS



## INSIDE THE PREMISES – ROBBERY OF A WATCHPERSON OR BURGLARY OF OTHER PROPERTY – CLAIMS EXAMPLE:

Harry opens his store for business one morning and discovers that four cigarette carton crates left in the back room overnight are missing. Since there is no evidence of forced entry, this insuring agreement does not cover this loss.

# ADDITIONAL INSURING AGREEMENTS



## INSIDE THE PREMISES – ROBBERY OF A CUSTODIAN OR SAFE BURGLARY OF MONEY AND SECURITIES:

This insuring agreement consists of three separate parts.

1. Coverage applies for the loss of money and securities, but only if a custodian is robbed inside the premises; or a safe inside the insured premises or inside the banking premises is burglarized.
2. Coverage applies for property damage to the exterior and interior of the premises resulting from actual or attempted robbery or safe burglary. The coverage applies only if the insured owns the premises or is legally liable for the damage.
3. Coverage applies for damage to the safe or vault at the location as a direct result of safe burglary provided the safe or vault was locked. Coverage applies whether or not the burglary was successful.

# ADDITIONAL INSURING AGREEMENTS



## EMPLOYEE THEFT – NAME OR POSITION SCHEDULE:

This endorsement can be used in two different ways. One way is to replace other employee theft insuring agreements. This means that coverage is available for only the employee or position indicated. The other way is to use it as excess coverage over the employee theft insuring agreements for specific employees or positions. This means that blanket protection available for all employees is provided with one limit and another limit applies to specific employees or positions.

# ADDITIONAL INSURING AGREEMENTS



## EMPLOYEE THEFT – NAME OR POSTION SCHEDULE – CLAIM EXAMPLE:

Rebecca Williams was the manager and most important person in the finance department at Pioneer Motors. For this reason, Pioneer purchased employee theft coverage with a \$1,000,000 limit specifically naming her, and a limit of only \$50,000 for employee theft on all other employees under Insuring Agreement 1. After Rebecca retired, Susan Montgomery was promoted to department manager. Susan was a quick study and within ten months embezzled over \$500,000 before leaving town for parts unknown. When the claim was presented to the insurance company, it paid the \$50,000 Insuring Agreement 1 limit because the name schedule had not been updated to reflect Susan's name.

# ADDITIONAL INSURING AGREEMENTS



## LESSEES OF SAFE DEPOSIT BOXES:

This optional insuring agreement is used by businesses that regularly store securities and/or other property in safe deposit boxes. It DOES NOT cover money that might be stored inside the safe deposit boxes.

This optional insuring agreement has two parts:

1. Securities stored in a safe deposit box are covered for loss or damage due to theft, destruction or disappearance. Since items must be removed and deposited from time to time, coverage also applies when the securities are outside the safe deposit box on a temporary basis for the purpose of removing or depositing them, but are still within the depository premises.
2. Other property stored in the safe deposit box is covered for loss or damage due to burglary, robbery or vandalism. Since these items must also be removed from time to time, coverage applies to this property when outside the box on a temporary basis for the purpose of removal or deposit, but are still within the depository premises.

# ADDITIONAL INSURING AGREEMENTS



## LESSEES OF SAFE DEPOSIT BOXES – CLAIM EXAMPLE:

The Greco Restaurant has a large safe deposit box. It includes securities valued at \$50,000, restaurant memorabilia worth \$50,000, and \$5,000 in currency. The owner visits the depository to review the contents of the box and finds it empty. There are no visible signs of forced entry on or about the box or the vault. Coverage applies for the theft of the securities. There is no coverage for the memorabilia because there is no evidence of forced entry. The money is not covered because this endorsement does not cover money.

# ADDITIONAL INSURING AGREEMENTS



## SECURITIES DEPOSITED WITH OTHERS:

This insuring agreement is designed for businesses that entrust securities to others.

This insuring agreement covers loss or damage resulting from theft, disappearance or destruction of the insured's securities while located inside a custodian's premises. It also covers these securities while being transported by the custodian or by the custodian's employee. An insured's securities that a custodian deposits in a depository, such as a bank, are also covered for theft, disappearance or destruction.

# ADDITIONAL INSURING AGREEMENTS



## SECURITIES DEPOSITED WITH OTHERS – CLAIMS EXAMPLE:

Obligatory Brokers has a commercial crime policy with Securities Deposited With Others attached. Obligatory has securities valued at \$500,000 deposited with Lockem and Losem Trust Company. The main branch of Lockem and Losem is listed on the schedule as the only insured location. On January 10, Lockem buys a small building and opens it as a new branch. That same day, Obligatory transfers its securities to that location. Lockem fails to tell Obligatory about the change so the new location is not scheduled on the Obligatory Brokers policy. On February 23, Obligatory's securities are lost during a fire that breaks out at the new location. This loss is not covered because more than 30 days passed since Obligatory moved the securities to Lockem's the new location.

# ADDITIONAL INSURING AGREEMENTS



## GUEST PROPERTY:

This insuring agreement is designed for hotels, motels and other businesses that provide lodging facilities. Coverage is for losses that arise due to the legal liability of the insured for loss of or damage to guests' property held in safe deposit boxes or inside the facility's premises.

This coverage pays for loss of or damage to guests' property when inside a safe deposit box within the insured's premises. The insured must be legally liable and responsible for the loss or damage.

# ADDITIONAL INSURING AGREEMENTS



## GUEST PROPERTY – CLAIMS EXAMPLE:

A guest on vacation deposits cash and traveler's checks in the insured's safe deposit box. When the guest attempts to retrieve them, the box is empty. This is a covered loss under this part of the insuring agreement.

# ADDITIONAL INSURING AGREEMENTS



## SAFE DEPOSITORY:

This endorsement is designed for use by businesses, **other than financial institutions**, that provide safe deposit box facilities to their customers.

This Optional Insuring Agreement contains two parts.

- **Loss of Customers' Property–In Safe Deposit Boxes**
- **Robbery or Burglary of Customers' Property – Premises Damage**

# ADDITIONAL INSURING AGREEMENTS



## DESTRUCTION OF ELECTRONIC DATA OR COMPUTER PROGRAMS:

This endorsement covers the cost of restoring or replacing damaged or destroyed electronic data or programs in a computer system when caused by a computer virus or by persons with unauthorized system access.

# ADDITIONAL INSURING AGREEMENTS



## UNAUTHORIZED REPRODUCTION OF COMPUTER SOFTWARE BY EMPLOYEES:

This endorsement's insuring agreement covers the insured's fines and penalties that result directly from the unauthorized reproduction of computer software by an employee when it violates a licensing agreement with a third-party vendor. The reproduction must be done without the insured's knowledge or the knowledge of a partner, member, officer or director, or anyone responsible for complying with the terms of any software licensing agreements.

# QUESTIONS/ANSWERS



**The Blais Crime Team  
operates a combined  
unit to answer  
questions and handle  
accounts**

*Phil T.  
Nhu  
Scott  
Dave  
Mark  
Drew*



# CONCLUSION

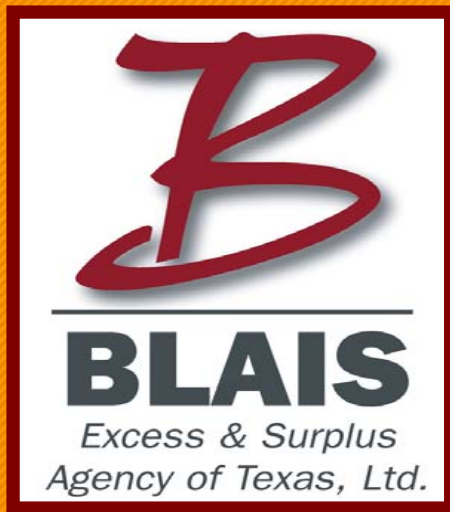


**This concludes Part 2 of our Crime Webinar Series which consists of four parts.**

**The Commercial Crime Coverage is a complex policy. There are a multitude of additional insuring agreements and endorsements that can be added to the coverage. In addition, the Commercial Crime Coverage application should be viewed very carefully and completed correctly. These documents are all discussed in our Crime Coverage Webinar Series. Part 1 – Crime Coverage; Part 2 – Additional Crime Insuring Agreements; Part 3 - Crime Coverage Endorsements and Part 4 –The Crime Application.**

**This webinar is one of a series of four webinars devoted to Crime Coverage produced by Blais E&S.**

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