

BUSINESS INSURANCE COMMERCIAL CRIME



INSURANCE PROTECTION FROM THE EFFECTS OF CRIME

Who is affected by Fraud?

- Fraud harms all areas of the UK economy. It impacts on organisations in the public sector, the private sector, the not-for-profit sector, as well as individual members of the public.
- In the current economic climate, fraud is becoming more prevalent and organisations are increasingly aware of potential vulnerabilities.

Sources of Fraud

Companies are exposed to fraud from many different sources:

- Insider-enabled fraud – includes employee fraud e.g. a false expenses claim or collusion with an outside accomplice e.g. producing a false invoice in return for a kickback payment.
- Identity fraud to facilitate other fraud e.g. credit card fraud to purchase products.
- Cyber-enabled fraud. It is estimated that three quarters of cyber crime in the UK impacts business.
- Organised crime - Fraud can be a primary activity of an organised crime group but is also a funding stream for other serious crimes.
- Businesses are exposed to fraud in all areas of their day to day activities, including accounts, payroll, pension, administration, procurement, recruitment and tax.

The Effects of Fraud

- According to Experian in their Annual Fraud Indicator 2016 UK Fraud losses could be **£193 billion***.
- Fraud losses to companies in the private sector are estimated to be **£144 billion***.

How confident are you that your company will be unaffected by fraud and how will you cope should you fall victim?

Cyber Risks

Companies need to place cyber security at the centre of their risk management strategy.

Whilst it is impossible to fully protect your business from cyber hackers, steps could be taken to ensure critical infrastructure is being dealt with.

It's important that you identify what data, information or systems are valuable to your company's operations, get an accurate assessment of what the risk to these might be and gauge whether your team is aware of existing threats.

Current Cyber risks faced by companies include:

- Denial of service
- Malware
- Phishing and Trojans

Arthur J. Gallagher Solution

Arthur J. Gallagher will undertake a review of your business and associated risks, using a fresh pair of eyes. We will then undertake a full review of your insurance programme.

We will then compare the insurance programme to your business to make sure it is fit for purpose and meets your needs. **This is offered free to customers.**

Arthur J. Gallagher are able to offer an insurance solution via a number of insurers to provide Crime insurance cover to protect companies against the effects of fraud, including:

- Criminal taking of money, securities or property arising from employees and third parties.
- Physical destruction or disappearance of money whilst on the company's premises, in employee custody or in transit, if caused by a criminal act.
- Cover for contractual penalties
- Loss of interest
- Data reconstitution costs
- Associated companies included as standard
- Fraud by an individual or organisation to whom the company outsources any function.

WOULD YOU LIKE TO TALK?

For more information, contact your Lloyds Bank Relationship Manager

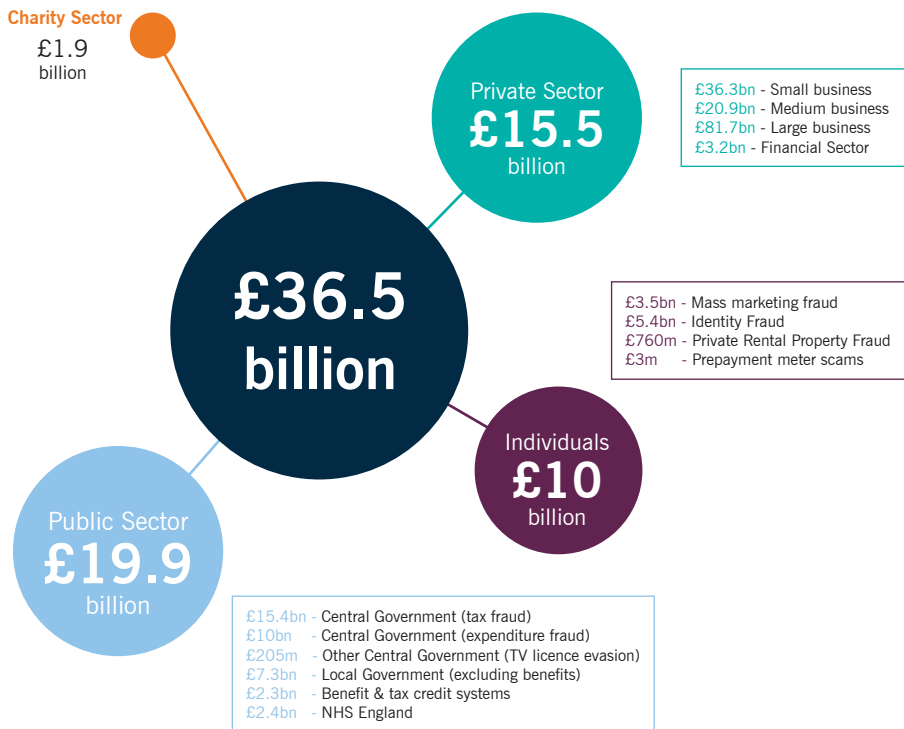
*Source: Annual Fraud Indicator 2016, <http://www.experian.co.uk/assets/identity-and-fraud/pkfxperian-fraud-indicator-report.pdf>

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Hidden Fraud Loss Estimates



Fraudsters are fast, inventive, adaptable and willing to quickly exploit new opportunities

Private sector procurement fraud is estimated to be £127 billion – or 4.78% - of the £2.7 trillion of total expenditure. In February 2015 two men were convicted after they had been found to have submitted 90 false invoices to their company amounting to £700,000 for 'system maintenance work' for which no such work was delivered (*City of London Police, 2015*).

The Government's own estimate of TV license evasion losses was put at £205 million

The number of phishing scams reported between November 2014 and October 2015 topped 95,500. Phishing attacks rose by more than a fifth (21%) last year and were estimated to cost Britain more than £280 million.

Source: Annual Fraud Indicator 2016, <http://www.experian.co.uk/assets/identity-and-fraud/pkfxperian-fraud-indicator-report.pdf>

ABOUT ARTHUR J. GALLAGHER

Founded by Arthur Gallagher in Chicago in 1927, Arthur J. Gallagher & Co has grown to become one of the largest insurance brokerage and risk management companies in the world. With significant reach internationally, the group employs over 21,500 people and its global network provides services in more than 150 countries.

Outside the US, we use the brand name Arthur J. Gallagher.

Wherever and whenever there is risk we're there for our clients – from individuals to small businesses to international conglomerates. Our people, our technical expertise and our global reach delivers first class coverage, risk management and placement expertise. We work seamlessly across countries and international territories. Where we do encounter difficulties and complexities we meet them head on. We remove barriers never letting them get in our way.

We just do not give up; whether it's sourcing cover for the thatched cottage in England; cyber risks across European borders; complex coverage for the international supermarket chain; marine cargo in Australia; political risk coverage in developing economies; energy cover in extreme environments; or helping our banking partners with their comprehensive homeowner offer. We work tirelessly to provide solutions that drive value and competitive advantage for the benefit of all our clients and we nurture our people to do what they do best – promoting and protecting our clients' interests.

Family values have been core to our culture since our company was founded and this drives the way in which we, Arthur J. Gallagher, look after our clients.

Since 1927 we have built our business for today.

For tomorrow, we continue to invest in our business.

A business without barriers.