



Learn more at www.NYSIR.org

Crime insurance offered through the NYSIR Program

Overview: Crime threatens significant losses for all employers, including schools. A 2014 study by the Association of Certified Fraud Examinersⁱ says occupational fraud alone costs a typical organization 5 percent of revenues each year; fewer than half of victim organizations recover any fraud-related losses. To address the risk of loss from employee theft and other specified fraud activity, NYSIR offers its members commercial coverage provided by Travelersⁱⁱ for dishonest acts by employees, volunteers, and individuals who steal district property. Other perils covered by the policy include forgery (including credit card forgery), thefts of money and securities, computer fraud crimes, and funds transfer fraud.

Coverage: Typical Travelers crime policies written for NYSIR members provide coverage for dishonest acts starting at \$1 million per occurrence; members may choose different limits on coverage, and some opt to increase coverage to \$5 million per loss. The policy limit is applicable to each single loss event occurring during the policy period. These crime policies cover losses caused by employees and volunteers, including board members and officers of parent-teacher organizations and booster clubs.

- **Employee Dishonesty:** This coverage part is intended to cover claims caused by employee theft of school district funds, such as cases in which an employee establishes a fraudulent vendor and authorizes payments to such vendor, but in reality, the funds are directed to an account controlled by the employee.
- **Computer Fraud/Funds Transfer Fraud:** This coverage part responds to fraud perpetrated by a third party such as computer crime, in which fraudulent changes are made to data contained within a computer system, resulting in payments made to an alternate location, or when an unknown hacker obtains passcode information and proceeds to use that information to transfer funds out of the insured's transfer account.
- **Faithful performance of duty:** This insurance covers claims resulting not from crimes but from an employee's failure to competently complete professional duties. The program provides coverage for all employees whose duties are prescribed by law. New York's Public Officers Law requires all school districts to carry such coverage, and all school entities that purchase the coverage through the NYSIR program have it on their policies. Some competitors do not automatically provide this coverage.
- **Incurred claim expenses:** This coverage part provides up to \$20,000 to cover expenses incurred to document a loss or its magnitude, such as the cost of hiring a forensic auditor.
- **Past losses:** This insurance covers losses that occurred before the current coverage period but that are discovered by the school or BOCES during the current policy period. The terms of the current policy – which are typically more favorable to the insured than past policies – apply.



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- Computer Virus: The policy provides up to \$100,000 to restore and/or recover electronic data that was lost as a result of a virus or another covered incident, such as hacking.

This crime insurance can cover losses due to acts committed by individuals employed by non-covered government entities who serve as "designated agents" for the insured school entity – such as a town tax collector who also collects school taxes. NYSIR members can also choose to buy up to \$100,000 of coverage for other "designated agents" at other government entities, such as employees shared by more than one school district.

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ⁱ <http://www.acfe.com/rtnn-summary.aspx>

ii Note: Coverage provided by Travelers Casualty and Surety Company of America and its property casualty affiliates, Hartford, CT, 06183. Descriptions of coverage in this document have been simplified and are subject to the coverage offered and accepted and the complete insurance policy terms and conditions. In the event of a discrepancy between this document and the actual policy of insurance issued including subsequent policy endorsements, the complete insurance policy shall be the governing document.