

## The Financial Infidelity Act of an Employee can be insured?

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Employee infidelity includes misusing company's funds or stealing from the company on a large scale. Stealing the occasional office supply or padding an expense report is disloyal, but employee infidelity usually refers to more serious offenses, such as embezzling large sums of money, regularly taking goods that add up to considerable amounts or submitting expense reports that are completely false, false reimbursement requests including others.

If you employ cashiers, bank clerks, accountants or sales team within your business, they will be frequently exposed to things like cash and valuable business stock. For some, the temptation can be too great not to steal these assets or misuse them in a way that is against the law.



Should one of your employees commit theft, fraud or dishonesty towards your company, you stand to lose greatly. Most business enterprises have collapse because of the financial infidelity act or behaviour of people who handle money in the company.

The Fidelity Guarantee Insurance policy is designed to indemnify the employer or business owner against

loss as a result of dishonesty of persons holding position of trust in the organisation. Fidelity Guarantee insurance will protect the business owner by compensating him / her for any direct financial losses that result from acts of dishonesty of employees.

### **What are the covers / benefits provided?**

The Fidelity Insurance Guarantee policy covers direct pecuniary loss suffered by business owners by any act of fraud or dishonesty committed by any of the insured's employees in

- connection with his/her employment and duties:-
- during the Period of Insurance
- during his/her uninterrupted continuance employment
- discovered during the Period of Insurance or within 6 months thereafter or within 6 months after his/her death, dismissal or retirement, whichever shall occur first.

Kindly seek for more information from your insurers to ascertain the full coverage of the policy, terms, conditions and exclusions.

### **How much premium do I have to pay?**

The premium you have to pay may vary depending on the nature of your business, the amount of guarantee, the number and category of employees insured, and the underwriting requirements. With the payment of additional premium, the policy may usually be extended to cover the following:-

- a) Auditors' and Accountants' Fees incurred in preparing detailed statement of loss and satisfactory proof of pecuniary loss sustained by the business owner or the employer.
- b) Longer discovery period more than the standard policy period of discovery of 6 months
- c) Unidentifiable employee extension
- d) Misappropriation of stock by employees

It would not be every insurer that would have the appetite to grant you all these extensions and this is why it is imperative to talk with your insurers.

### **What are some of the key terms and conditions that Policyholders should be aware of?**

- Duty of disclosure: You must disclose all material facts which you know or ought to know which would affect the underwriting consideration on your proposal, such as your insurance and loss history, any change in the nature of your business,

change in the duties or condition of employment etc. The policyholder must ensure that the proposal form is completed accurately as it forms the basis of the insurance contract.

- Amount of Guarantee: the policyholder must ensure that the amount of guarantee is insured at an appropriate amount. The amount of guarantee is applicable for any one claim and in the aggregate during the period of insurance.
- Basis of insurance: The policyholder may choose to insure on the following basis:-
  - a. Named basis – The policyholder will have to give the name and occupation of the employee you like to insure.
  - b. Unnamed basis – You will have to provide the number and category of employee you like to insure.
- Contribution – If at the time of any loss, there be any other subsisting policy covering the same loss, the insurer shall not be liable for more than its rateable proportion of any sums payable in respect of such loss.
- Excess - This is the amount the claimant have to bear before the insurer indemnify him of the loss.

### **What are major exclusions under this policy?**

This policy does not cover:-

- any act of fraud or dishonesty not committed by the insured employee during the period of insurance or not discovered during the period of insurance / the discovery period or not discovered within 6 months after death, dismissal or retirement of such employee.
- more than one claim under the policy in respect of each employee
- any act of terrorism

This list is not exhaustive. Kindly discuss further with your insurers.

### **What should you do in the event of loss?**

- a) Report the incident to the Police immediately and render all reasonable assistance in causing the discovery and punishment of any guilty person.

b) Notify your insurers preferably in writing with full details as soon as possible. Early notification is required to avoid any prejudice to your claim.

## **Conclusion**

Companies are exposed to significant financial losses annually, due to crimes committed by employees and it is reported that Fraud is on the increase. Fraud combined with the growth in the use of electronic data and asset transfers, the fidelity losses faced by employers are increasing substantially. This is the main reason why business owners should begin to take key interest in this policy ..... FIDELITY GUARANTEE INSURANCE POLICY.

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## Reference

<https://www.gulfinsuranceoman.com/Fidelity-Guarantee>

<https://www.hollard.com.gh/general/business-insurance/commercial-assets-insurance/fidelity-guarantee>

<https://www.mpigenerali.com/assets/pds/en/pds/Fidelity-Guarantee-Insurance.pdf>

<https://smallbusiness.chron.com/employee-infidelity-33396.html>