

SUMMER
2024



FIRST LOOK!

**OUR TEAM HIGHLIGHTS
THE IMPORTANCE OF
FORGERY AND ALTERATION
COVERAGE, WHAT IT
COVERS, AND WHAT YOU
CAN DO TO HELP PREVENT
CHECK FRAUD.**

**Take a look inside
to learn more!**

The Crime Times

with the Fidelity / Crime Division

INSIDE THE ISSUE

- Why is Forgery / Alteration Coverage Important?
- Color of the Year
- Catalytic Converter Theft

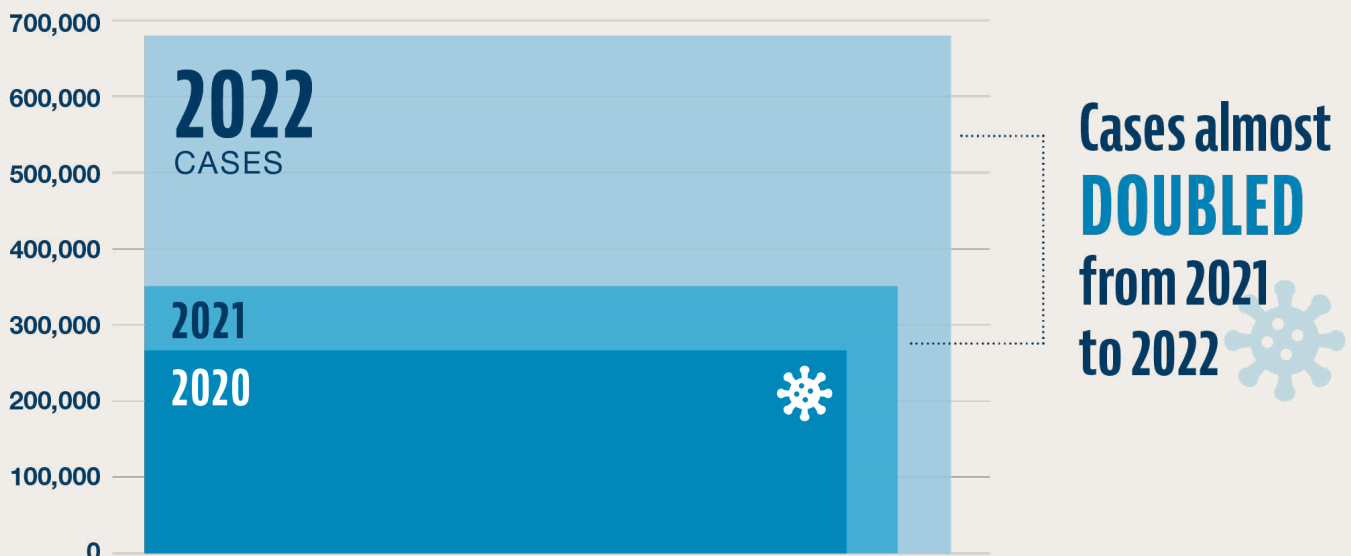


Why is Forgery / Alteration Coverage Important?

The cases of check fraud have increased significantly in the last few years, beginning at the time of the **COVID-19 Pandemic**.

During the pandemic, relief checks issued by the U.S. Government became attractive targets for criminals. Since then, the check fraud problem has gotten worse. Many small business owners suffer loss through check fraud because they frequently use checks to pay their clients.

According to a recent ACFE Insights article, “In 2021, United States financial institutions reported more than 350,000 cases of potential check fraud to the Financial Crimes Enforcement Network, which was a 23% increase from 2020. The upward trend continued in 2022, with the number of potential check fraud cases reported reaching more than 680,000, almost double the reports from 2021.” The increase in mail theft is a nationwide problem.



SAMPLE CHECK WASHING SCHEME

To illustrate a check washing scheme, in a US News & World Report article, a woman mailed a \$30 check as a school donation in September – only to find out three days later someone had stolen it, washed it by erasing the ink, rewrote the payee and amount and then cashed it for \$9,475.81.

Two forgery/alteration methods widely used are check washing and check fishing.

- 1 Check washing tactics occur when thieves steal paper checks from mailboxes, wash them with nail polish remover, and alter new amounts and payees.
- 2 Check fishing occurs when perpetrators fish letters out through the mail slot, or more commonly, rob postal workers for their mail and arrow keys.

Thieves are also targeting USPS letter carriers. According to a US News & World Report, “In the 2022 budget year, 412 letter carriers were robbed compared with 305 in the six months ending March 30. USPS also said there have been more than 25,000 reported thefts from mail receptacles including blue collection boxes in the six months ending March 30 compared with 38,500 for all of 2022.”

Criminals typically steal a mail carrier’s keys, use glue traps, or other methods of “mailbox fishing,” and use chemicals to wipe off fingerprints and handwritten ink to reroute the check.

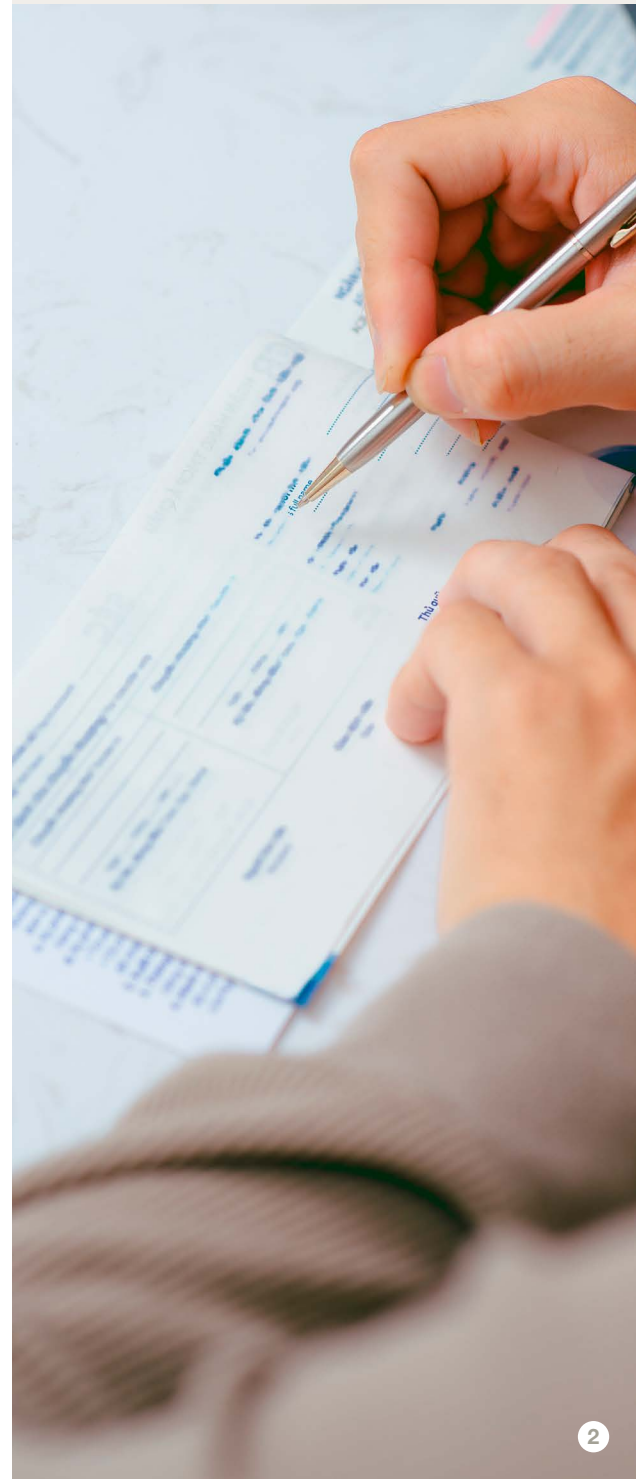
What Does Forgery / Alteration Insurance Cover?

Commercial Crime policies provide protection from financial losses that insureds sustain through business-related crimes, including employee theft, robbery, forgery, and computer crime. An insured is given the option to purchase Forgery or Alteration Coverage. This coverage agreement covers loss sustained through forgery or alteration of outgoing negotiable instruments made or drawn upon by the insured, drawn upon from the insured’s account(s) or made or drawn by one acting as the insured’s agent. It usually includes loss caused by:

- 1 Checks or drafts made or drawn in the insured’s name, payable to a fictitious entity.
- 2 Checks or drafts, including payroll checks, executed through forged endorsements.
- 3 Alteration of the amount of a check or draft.

What Can You Do to Help Prevent Check Fraud?

To prevent check fraud, organizations need to implement effective security measures and best practices that can deter, detect, and report fraudulent activities.



Pantone Color of the Year

Peach Fuzz

PANTONE 13-1023



Color of the Year

Our Fidelity / Crime Division's Andrew Gristina, Fine Art Director, once again speaks on PANTONE's Color of the Year and how it came to fruition.

“Every December I look forward to PANTONE's announcement for The Color of the Year. The color selected is always a surprise but 2024 left me dazed. They have selected Peach Fuzz (PANTONE 13-1023). Peach Fuzz? Upon seeing the webpage my initial response was something like “is that a color?” My grandmother's pocketbook was the first object that came to mind. I admit that my sense of color is not refined like that of my artists and designer friends. I tend to think of color as a contrasting statement like a red Italian sports car or a bright green tie with a grey suit.

However, after reading more from PANTONE and thinking about it (for a while), I have come around. My wife will tell you that I don't harmonize the colors of my clothes well. Those of you who know me are aware that my wardrobe is mostly just different shades of green and brown. This year's color naturally occurs with abundance in nature and harmonizes well with many colors and hues. That seems like a good resolution for the year. I think I will try to harmonize with more of the world around me.

I hope you enjoy recognizing and harmonizing with this color as it inevitably shows up over the next 12 months. To reference PANTONE's own explanation, harmonizing is like walking and talking. They work together without effort. You and your insurance coverage should be the same. Your coverage should harmonize with everyday business and life. Great American is happy to make that happen with our flexible underwriting and customized coverages.”

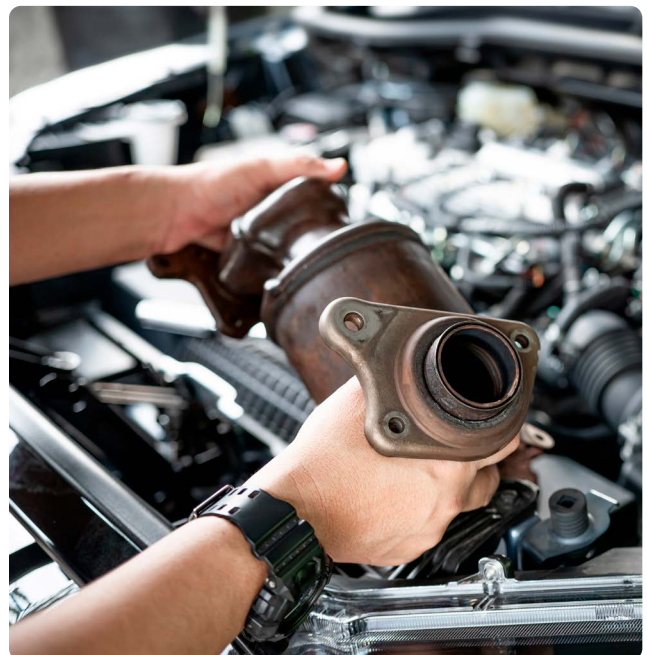
As always, many thanks to PANTONE for their unique interpretation of our world and their positive message.

Catalytic Converter Theft

Businesses, school districts and municipalities. What do they all have in common? They all have been impacted by the spike in catalytic converter theft across the country.

What is a catalytic converter?

A catalytic converter is a device installed in the exhaust system of a vehicle to reduce emissions of harmful pollutants. Since the 1970s, they have been required by law to reduce air pollution. Catalytic converters are found on automobiles, trucks, buses, forklifts and ships.



Catalytic Converter Theft *continued...*

Why are catalytic converters being targeted?

Catalytic converters are being targeted by criminals because they contain a catalyst made of rare earth metals like platinum, palladium or rhodium. This catalyst facilitates the chemical reactions that convert the toxic gas and pollutants from a vehicle's engine into less harmful gases.

Catalytic converters are particularly vulnerable to theft because they are located underneath a vehicle and can be removed with basic hand tools in a matter of minutes. Thieves will often target larger vehicles, such as trucks and SUVs, because they have higher ground clearance, making the catalytic converter more accessible. Hybrid vehicles are often a target because their catalytic converters use higher amounts of rare earth metals.

According to the National Insurance Crime Bureau, catalytic converter thefts increased 1,215% between 2019 and 2022.

How common is the theft of catalytic converters?

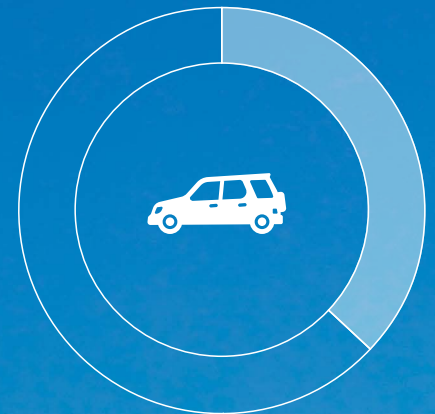
According to the National Insurance Crime Bureau, catalytic converter thefts increased 1,215% between 2019 and 2022. During the pandemic, the National Insurance Crime Bureau saw a significant jump in the number of thefts. In November 2022, the Department of Justice (DOJ) announced the takedown of a nationwide catalytic converter theft ring. In the press release, the U.S. Attorney for the Eastern District of California said, with California's higher emissions standards, that state alone accounts for 37% of catalytic converter theft claims nationwide.

Why do I see so many headlines about the increase in theft?

In recent years, the price of the precious metals used in catalytic converters has spiked. Platinum, palladium and rhodium are each worth thousands of dollars per ounce.

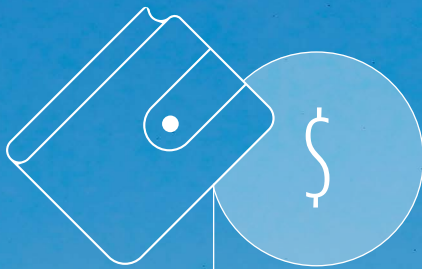
IMPACT OF CALIFORNIA

In 2022, California accounted for **37%** of catalytic converter theft claims nationwide.



VALUE OF PRECIOUS METAL

The DOJ indicates that the black-market price for catalytic converters can be more than \$1,000.



Many of the precious metals used in catalytic converters are mined in Russia and South Africa. The war in Ukraine has disrupted the supply chain and driven up prices. Thieves will sell the converters to a metal scrapper or refinery. Recyclers will often pay \$50-\$250 per catalytic converter. The DOJ indicates that the black-market price for catalytic converters can be more than \$1,000.

How are states reacting to this trend?

States across the country have either taken steps, or are actively taking steps, to introduce legislation to help curb the theft of these devices. Many of these laws focus on scrap metal dealers, requirements around proof of ownership for the sale of catalytic converters and programs intended to investigate and prosecute these crimes.

How can you help prevent catalytic converter theft?

- Install a catalytic converter anti-theft device.
- Park fleet trucks in a secured enclosed area.
- Etch an identification number onto your catalytic converter or spray paint your catalytic converter.
- Make sure your insurance covers the potential threat.

WHY GREAT AMERICAN FIDELITY / CRIME?

Your Partner in Crime®

Since 1995 we've been insuring clients from crime related losses. We have a depth of experience in both underwriting and claims that is unmatched in the marketplace. Discover how our specialization and expertise provide the advantage to address your unique needs.



301 E. Fourth St.
Cincinnati, OH 45202
800-545-4269
GAIG.com

for all the *great* you do®

CrimeInsurance.com

Great American Insurance Group, 301 E. Fourth St., Cincinnati, OH 45202. The information presented in this publication is intended to provide guidance and is not intended as a legal interpretation of any federal, state or local laws, rules or regulations applicable to your business. The loss prevention information provided is intended only to assist policyholders in the management of potential loss producing conditions involving their premises and/or operations based on generally accepted safe practices. In providing such information, Great American does not warrant that all potential hazards or conditions have been evaluated or can be controlled. It is not intended as an offer to write insurance for such conditions or exposures. The liability of Great American Insurance Company and its affiliated insurers is limited to the terms, limits and conditions of the insurance policies underwritten by any of them. The claims scenarios in this material are provided to illustrate possible exposures faced by your clients. The facts of any situation which may actually arise, and the terms, conditions, exclusions, and limitations in any policy in effect at that time, are unique. Thus, no representation is made that any specific insurance coverage applies to the above claims scenarios. In the US: Policies are underwritten by Great American Insurance Company and Great American Security Insurance Company, authorized insurers in all 50 states and the D.C. In Canada: Policies are underwritten by Great American Insurance Company – Canadian Branch, a foreign insurer authorized to insure risks in all Canadian Provinces and Territories. The Chief Agency of the Canadian Branch of Great American Insurance Company is located at Scotia Plaza, Suite 2100, 40 King Street West, Toronto, Ontario M5H 3C2. Great American Insurance Company is not responsible for any non-compliance with the applicable Insurance Act in your province or territory and any applicable marketing guidelines issued by a regulatory authority with jurisdiction. © 2024 Great American Insurance Company. All rights reserved. 5612-FIC (07/24)