



Crime Insurance for Law Firms

Social Engineering Fraud Endorsement

Your closest vendor sent you an email asking you to change its banking information. You should trust the vendor, right?

In today's interconnected world, fraudsters hide in the anonymity of cyber space. They can infiltrate even the best-managed firms through what's called **social engineering fraud**—deceptively gaining the confidence of an employee to induce him or her to part with money or securities. A fraud scheme by someone who is posing as a trusted vendor, new client or employee may cost a firm hundreds of thousands of dollars—or more.

Even if your firm conducts vendor background screenings, employs fraud detection systems, segregates financial duties, and educates employees on how to detect fraud, it may still be vulnerable.

That's why Chubb, a leader in crime/fidelity insurance, created the *Crime Insurance Social Engineering Fraud Endorsement* for law firms.

Why Your Firm Might Need Insurance for Social Engineering Fraud

- Frauds of confidence and deception can be difficult to detect and can result in a firm handing over tens of thousands of dollars to a criminal without even realizing it—until it's too late. Your firm might find it difficult to absorb such a financial impact without feeling dramatic, even devastating effects.
- Social engineering fraud and scams are increasingly common.
- Your firm can be victimized by anyone—even a trusted vendor can be the victim of a hacker who poses as the vendor, redirecting your next payment.
- Smaller firms often are more vulnerable to fraud because they may lack financial or wire transfer controls that larger organizations may routinely employ.

Social Engineering Fraud Endorsement: Coverage Highlights

When added to a Chubb *Crime Insurance* policy, the Social Engineering Fraud Endorsement insures a range of social engineering fraud losses, including:

- Vendor or supplier impersonation.
- Executive impersonation.
- Client impersonation.

With additional advantages:

- Full carve-back to the voluntary parting exclusion.
- Broad all-risk language wherein loss does not have to occur through use of computer, email or phone.
- Streamlined supplemental application.
- No requirement for vendors and suppliers to carry crime or fidelity insurance to trigger coverage.
- Coverage is available up to \$250,000 per occurrence, with no annual aggregate, though higher limits can be considered with additional underwriting.

Social Engineering Fraud Scenario: Something for Nothing?

A regional law firm received a request to sign up a new client from overseas. The client asked the firm to pursue a debtor in the United States who was delinquent on its bills. The client explained that it would pay the retainer and entered into an agreement with the law firm. During the vetting process, the client informed the firm that the debtor had agreed to pay the bill, but had already written the check to the law firm. The client instructed the firm to cash the official-looking cashier's check that had just arrived, deduct the fee and wire the remainder.

The check provisionally cleared the client's bank, but because of effective routing, the hold expired after the firm had already wired out the funds. The fraud was detected when the check bounced, and the fraudster was long gone. All \$250,000 was lost, as the firm was not able to recall the wire.

To Learn More

For more information about Chubb's Social Engineering Fraud Endorsement for Chubb's *Crime Insurance*, please contact your insurance agent or broker or visit us online at www.chubb.com.



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