



FIDELITY GUARANTEE POLICY

UIN: IRDAN106P0009V01200102

PROSPECTUS/ SALES LITERATURE

Introduction :-

The board purpose of this insurance is to indemnify the employer against direct pecuniary losses sustained through acts of fraud or dishonesty by an employee(s) in the course of employment. The basis of Fidelity Guarantee originates from an employer and employees relationship or a fiduciary relationship.

The three parties involved in this contract are:

- Employer,
- Employee and
- Insurance Company.
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This Insurance can be classified as follows:

1. Commercial Fidelity Guarantee.
2. Court Bonds.
3. Government Bonds.

The first type namely Commercial Fidelity Guarantee Policies which are mostly is use are of the following types.

1. **Individual Policy:** - To covers one named employee.
2. **Collective Policy:** - To cover a number of named employee's upto an agreed amount against each.
3. **Floater Policy:** - To cover a number of unnamed employees, without specifying the name of the employees and the amount against each. Only the total amount guaranteed is stated and any loss upto that sum is covered whether resulting form default of one or more employees, collectively or severely.

However as prudent underwriting measure, the coverage should be given as under for floater policy.

- a) If the amount of Guarantee to be floated among all employees of Insured, then name and designation need not be given, but only total no. should be mentioned.
- b) However, if some members of the Employee out of total strength is to be covered then in that case the name of employees to be mentioned or designation should be mentioned. However, in one designation, no one should be left. For example, if there are 50 employees and only 10 are proposed to be covered against Fidelity Guarantee, then the name of all the 10 members to be mentioned or designation of all the 10 members must be mentioned and the Amount of Guarantee to be mentioned against each employee name wise or designation wise. Here the premium would be charged on the Amount of Guarantee and per capita for the rest of the members. The separate designation can have one or different Sum Insured. However, the per capita must be charged for no. of persons who would be in the responsibility of that designation. For example, there is 2 Cashier position and 2 or 3 persons are sitting on that seat, and then per capita must be collected for all the 3 persons.

INSURED PERILS

The perils covered under commercial “Fidelity Guarantee” policy are:

Pecuniary loss sustained by the Insured (Employer) on account of “Fraud or dishonesty” of his employees, subject of course, to the limits of indemnity as agreed. The Term “Fraud or Dishonesty” are wide enough to cover losses suffered by the insured on account of:

“Forgery”,

“Embezzlement”,

“Larceny”,

“Misappropriation” and

“Default” of the employees.

The principle underlying the coverage of these risks is to be clearly understood. The policy hinges on the employer – employee relationship and therefore in all the monetary transactions or transactions assessable in terms of money entrusted to the employee, the employee is expected to discharge his duties honestly and faithfully. If the employee breaches the trust reposed by the employer, and creates any loss, the fidelity guarantee policy covers it. On the other hand, the policy will not cover theft committed by the employee because in theft no breach of trust is involved.

Whereas in the case of larceny, embezzlement, forgery and default, breach of trust is an essential ingredient.

The terms under which the risk is insured may be summarised as below:

1. **Fraud:** It means obtaining an advantage by the perpetrator of the fraud, through unfair or wrongfully means. Frauds may result in pecuniary loss or other losses like loss of trade secrets. Under the insurance policy, only the pecuniary loss to the employer on account of fraud of the employee is covered. This term is defined in Sec. 17 of the cover the loss resulting from the breach of faith on the part of the employees.
2. **Dishonesty:** Dishonest act always refers to breach of faith. As frauds, they may also either result in financial loss or other losses. The intention of the fidelity guarantee policy is to cover the loss resulting from the breach of faith on the part of the employees.
3. **Forgery:** Forgery means fraudulent alteration of any document or the circulation of any forged or fraudulently altered document by the employee whereby, he obtains possession of money or goods of the insured. Here also breach of trust is there and so any loss on account of forgery is within the scope of this cover.
4. **Embezzlement:** It refers to the misappropriation by any employee of monies or goods of the employer coming into possession of the employee before the possession passes on to the employer.

5. **Larceny:** The term 'larceny' is understood to mean theft but larceny is different from theft in the sense that it is taking possession dishonestly, without employer's consent of any movable property, the safety of which is entrusted to the employee, while actually it is not in his possession. In other words, the employee has every knowledge about the safe custody of the movable property (say Silver nitrate); but he does not possess it actually. If he pinches it in small dose daily and takes it home, it becomes larceny. In fact, this is the difference between embezzlement and larceny. The theft, which is excluded under the policy, is different from the larceny because larceny is a theft committed by one who is lawfully in the premises.
6. **Default :** The term refers to failure of some duty and in relation to Fidelity Guarantee Policy, it means non remittance of money collected by the employee or entrusted to him or non-deposit of goods entrusted to him. All dishonest defaults, resulting in pecuniary loss to the employer is covered under the policy. In other words, the default intentionally committed by the employee with a view to cause loss to the employer alone is covered.

E.g.: 'A' employer entrusts money to employee 'B' is lost accidentally due to theft and 'B' committed default in making that payment. The loss is not covered under the fidelity guarantee policy covering 'B'.

It has been mentioned that the fidelity guarantee policy covers the pecuniary loss of the employer due to fraud or dishonesty of employees. This coverage is subject to time limit for discovering the loss, known as **period of discovery**. As in other cases, fidelity guarantee policy is also issued for a period of one year. However, it may not be possible that all losses would be discovered within the policy period. The insured may take time to discover the loss due to fraud committed diligently by the employees. Hence under the policy time limit for discovering the loss has been given i.e. losses must be discovered by the insured:

- (I) within 12 months from the date of dismissal, demise, retirement, resignation or retrenchment of the employees involved in the fraud or
- (II) within 12 months from the expiry date of the policy, whichever shall first happen or within a Retroactive period not exceeding two years from the date of discovery of any such loss or losses.

A. GEOGRAPHICAL AREA: India.

However, by suitable loading, the Policy can be extended worldwide on payment of suitable loading from 5% to 25% depending upon the exposure. However, the claim will be settled as per India law and Indian Currency Rupees.

SPECIAL FEATURES

1. The following particulars regarding the person to be guaranteed should be satisfactory.
(a) Character, (b) Financial position and Domestic responsibility, (d) Previous experience, (e) Previous record or service, (f) Amount guaranteed in relation to the employees' remuneration.
2. It is necessary to be satisfied that the employer's business methods are satisfactory and that a regular system for checking and auditing of account exists.
3. Floater F.G. Policies should be discouraged except when it necessary to accommodate in which case Zonal Office should be consulted with full details.
4. The person to be insured must be salaried employee.

Further the above rates can be upgraded depending upon the risk exposure. The ITGI corporate office will have discretion to increase it to higher levels on basis of claim experience, profitability of entire account of the client and per se risk exposure

Exclusions:

- To pay more than one claim in respect of acts of any one of the Employees.
- In the Retroactive period of Cover
- For losses not discovered within the Period of Insurance
- In the event of non renewal or cancellation of this Policy, for losses not discovered within twelve months next following the date of expiry or the date of cancellation as the case may be (provided only that if there be any other insurance in force during the said twelve months whether effected by YOU or on YOUR behalf or otherwise, this Policy shall not cover or contribute to any loss covered by such **other insurance**). The reinstatement provision will not apply to such losses discovered within twelve months from the date of non-renewal or cancellation.
- For losses not sustained within a retroactive period, not exceeding two years from the date of discovery of any such loss or losses.
- Provided that in such a retroactive period, the insurance was continuously in force but in no event, WE shall be liable to pay any claim in respect of loss sustained prior to the inception of the original Policy.
- Further, it is also provided that losses which become payable under this clause shall be subject to the terms, conditions, the exception of the Policy in force on the date of discovery or in case of nonrenewal/ cancellation, on the last date when such policy was in force.

POLICY TERM

Policy term for this policy maximum shall be 12 (twelve) calendar months.

Claims Procedure:

Upon happening of an event giving rise or which may give rise to a claim:

- a) YOU or YOUR authorised representative shall forthwith give notice in writing to OUR nearest office with a copy to Policy issuing office with full particulars. A written statement of the claim will be required and a claim form will be provided. This written statement of claim along with supporting documents (estimates, bill and the like) prepared at your expense along with particulars of other Insurances covering the same risk must be delivered to US within 14 days of date of Loss.
- b) YOU shall lodge a complaint with the Police at the earliest after happening of the incident and take all practicable steps to apprehend the guilty person and recover the property lost.

c) You must also notify the Railways, Steamship Company, Airline, Hotel proprietors or the authority in whose care the property was at the time of happening of any loss or damage.

Documents required for settlement of claims:

- Claim form.
- Statement of claim along with supporting documents like estimates, bills etc.

Grievance or Complaint

You may register a grievance or complaint by visiting Our website www.iffcotokio.co.in You may also contact the offices from where You have bought the policy or the grievance officer who can be reached at Our corporate office.

Grievance Department details are as mentioned below:

E-Mail ID: chiefgrievanceofficer@iffcotokio.co.in

Address: IFFCO-Tokio General Insurance Company Limited.
IFFCO TOWER – II
Plot No.3, Sector-29, Gurgaon
Haryana-122001

PROHIBITION OF REBATES

Section 41 of the Insurance Act 1938 provides as follows:

1. No person shall allow, or offer to allow, either directly or indirectly as an inducement to any person to take out or renew or continue an insurance in respect of any kind of risk relating to lives or property in India any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy except such rebate as may be allowed in accordance with the published prospectus or tables of the insurer.
2. Any person making default in Company with the provisions of the section shall be punishable with fine which may extend to ten lakh rupees.

Note: Sales literature contains salient features of the product. For exhaustive details on covers, exclusions and conditions, kindly refer Policy Wordings. For all Insurance contracts, Policy Schedule along with Policy Wordings will be considered as contract documents. For more and detailed information regarding policies/ claims, please contact the nearest IFFCO-Tokio Office/ Bima Kendra/ Authorized Company Agent.