

Staffing Insurance News



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Mum's Not Always the Word: Fidelity Bond

Trade secrets and clients lists are hard to place a dollar figure on, but they inarguably give businesses a critical edge. In a word, they're invaluable, and forged with time, labor, and money. Yet by their very nature, trade secrets must be shared with employees and management, putting them at risk. What happens if a manager leaves and shares insider wisdom, or a current employee sells a client list on the sly? The insurance that girds against losses from employee dishonesty is called fidelity bond, and it's an integral part of the coverage World Wide offers its clients. What exactly is fidelity bond, and what is it designed to cover? Read on.

Trade secrets are the sacred terra firma upon which the success of many firms depends. Whether they're comprised of designs, processes, research, or formulas, businesses will and should do their utmost to protect them. Yet they're also shared with trusted employees, and sometime good employees do compromising things – if only because people eventually change jobs and move on. Sometimes, too, they don't think twice about sharing confidential information with friends or former colleagues, or they need to make an extra buck. More darkly, trade secrets might be shared as part of a vendetta against a current or former boss.

World Wide has been in the staffing industry long enough to have seen every mutation of employee dishonesty – for instance, the employee who quits to join a competitor's firm, armed with secrets that cause his former employer to lose earnings. Or another who uses her corporate email address to send a client list to herself for use at a later date – the date she starts her own company in direct competition, despite signing a non-compete agreement.

Within the staffing industry, this risk can take on another, very unique form: the temporary employee who works for a number of firms in the same industry, spreading insider knowledge like pollen in the wind.

While none of this may be illegal, per se, it can be mortally wounding to a firm, resulting in a loss of earnings and potential legal costs in the case of a civil action. The best way to protect against the loss of trade secrets and employee dishonesty is fidelity bond, and it's coverage that every business should have.

World Wide's fidelity bond coverage protects clients against the losses pertaining to trade secrets, client's lists and the like, whether those acts are committed on premises or off. If the dishonesty results in loss of earnings and legal costs, we cover those too– even in cases of forgery, embezzlement, counterfeiting, and computer fraud. The coverage is available up to \$10 million.

Maintaining a competitive edge is vital in today's marketplace. While background checks and noncompete agreements are critical to ensuring a client's safety, they sometimes cannot anticipate the conditions in someone's life that might compel them to compromise secrets for a few extra dollars, or even a job offer.

Our fidelity bond coverage is one facet of World Wide's comprehensive policies, built and tested over 40 years to ensure our client's safety and prosperity. World Wide is not just an insurance company; we're a business partner with an eagle's eye view of the staffing industry. For more information on our fidelity bond or other products, contact World Wide Specialty Programs at 631-390-0900 or 800-245-9658 or visit our website at wwspi.com. We've seen it all, so you don't have to. We are proud to be an ASA Corporate Partner.

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