

the financial loss suffered by them due to fraud or dishonesty of their employees by forgery, embezzlement, larceny, misappropriation and default.

1. Coverage under Fidelity Guarantee Insurance

Cover is granted against a direct pecuniary loss and does not include consequential losses.

- a) The loss should be in respect of moneys, securities or goods
- b) The act should be committed in the course of the duties specified;
- c) The loss has be discovered within 12 months of expiry of the policy or death retirement resignation or dismissal of the employee, whichever is earlier
- d) No cover is provided in respect of a dishonest employee who has been re-employed

2. Types of Fidelity Guarantee Policy

There are various types of fidelity guarantee policies, as discussed below:

a) Individual policy

This type of policy is used where only one individual is to be guaranteed. Name, designation of the employee and amount of guarantee has to be specified.

b) Collective policy

This policy comprises a schedule listing out the names of those employees to whom the guarantee applies, along with a note on the duties of each employee and separate individual sums insured.

c) Floating policy or floater

In this policy, the names and duties of the individuals to be covered are inserted in a schedule, but instead of individual amounts of guarantee, a specified amount of guarantee is "floated" over the whole group. A claim in respect of any one employee will, therefore, reduce the floated guarantee, unless the original sum is reinstated by payment of an extra premium.

d) Positions policy

This is similar to a collective policy with the difference that only the schedule lists out 'positions' that are to be guaranteed for a specified amount and the name are not mentioned.

e) Blanket policy

This policy covers the entire staff without showing names or positions. No enquiries about the employees are made by the insurers. Such policies are only suitable for an employer with a large staff and the organization makes adequate enquiries into the antecedents of employees. The references that the employer obtains must be available to the insurers in the event of a claim. The policy is granted only to large firms of repute