



EMPLOYEE DISHONESTY: THE FACTS

Propel Insurance

Employee dishonesty is one of the most severe problems facing businesses today. Fraud, perpetrated by trusted employees, accounts for a projected global loss of \$3.5 trillion annually.

Occupational fraud is pervasive. Knowing the facts can help business organizations protect themselves. In the 2012 [Report to the Nations on Occupational Fraud and Abuse](#), the Association of Certified Fraud Examiners analyzed nearly 1,500 U.S. fraud cases resulting in excess of \$3 billion in losses. Here is how the study breaks down the cost of fraud:

- Typical business organizations lose 5% of annual revenue to fraud
- Fraudulent activity occurs an average of 18 months before detection
- The median loss per case is \$145,000; in a company of 250 employees this translates to an annual loss of \$906,250
- 22% of occupational fraud cases cause losses of more than \$1 million
- In 2012, one in forty employees was apprehended for stealing from their employer
- 87% of occupational fraudsters have never been charged or convicted of a fraud-related offense
- 77% of fraud cases occur by employees in: financial roles, sales, executive/upper management, or customer service
- In 49% of \$1 million loss cases, business organizations do not recover any of the loss
- Banks and financial services are the most commonly victimized business organizations
- Small businesses with fewer than 100 employees bear 28% higher losses
- When collusion is involved, median losses increase substantially
 - One perpetrator = \$80,000
 - Two = \$200,000,
 - Three = \$355,000
 - Four or more = \$500,000
- 58% of victim organizations do not recover losses; only 14% make a full recovery
- Employee theft comprises 43% of business losses totaling \$200 billion annually