

# Plastic Card Protection against catastrophic fraud losses



By 2020, card fraud worldwide is expected to total \$31.67 billion<sup>1</sup>.  
What are you doing to protect your credit union's payment card program?

## YOUR CREDIT UNION IS TOO IMPORTANT TO LEAVE TO CHANCE

OUR PLASTIC CARD POLICY helps protect your credit union's payment card program worldwide from catastrophic fraud losses. We help you reduce loss exposures by applying proven best practices and continuously monitoring fraud trends. Whether your program utilizes credit, debit and ATM cards, or the latest contactless payment devices such as mobile phones or payment fobs, we can help you implement the appropriate loss control measures to stay one step ahead.

### RISK & COMPLIANCE RESOURCES

As a policyholder, you get direct, multi-channel access to our experienced team of risk and compliance consultants who will help you get the answers you need.

You also gain access to a vast array of actionable tools and resources to help you address the complex and ever-changing risks and industry regulations, including:

- Protection Resource Center
- Real-time RISK and Compliance Alerts
- Risk assessments with best practice recommendations
- Interactive webinars and educational whitepapers
- Checklists and planning guides
- Peer data insights

### CLAIMS AUTOMATION & LOSS RECOVERY

From alerting the industry to major breaches to automating the claims process, CUNA Mutual Group has a long history of exceptional claims quality and caring for the continuity of your business. When a loss occurs, our claims specialists focus on taking the difficulties out of processing and resolving your claims.

As a result of our automated plastic card claims process, you'll experience:

- Consistently, high quality service
- Increased operational efficiency
- Decreased claims turnaround times
- Reduced operational expenses

Whether an individual card loss or a catastrophic event, we help you focus on a seamless recovery for your members.

TO LEARN MORE ABOUT OUR PLASTIC CARD POLICY, contact your sales executive at **800.356.2644** or email **[cuprotection@cunamutual.com](mailto:cuprotection@cunamutual.com)**.



The descriptions and loss scenarios below help to illustrate common exposures your credit union may face. They also demonstrate the multitude of ways our Plastic Card policy helps to protect and mitigate your unique risks. Coverage is dependent upon your policy and the actual facts of the claim(s).

COVERAGE	DESCRIPTION	LOSS SCENARIO(S)
NEVER RECEIVED ISSUED (NRI)	The card issuer sends out new, replacement, renewal, or additional cards to cardholders. A perpetrator steals the cards prior to being delivered to your member cardholders. This occurs at airport hubs or U.S. Postal Service facilities, where cards are shipped in bulk. Cards are then sold to others for use or used nationally or worldwide to obtain cash advances through other financial institutions or purchases.	A fraudster steals an envelope containing a bulk shipment of new plastic cards from a U.S. Post Office branch. The thief sells some of the cards on the street and uses others for \$1,000 in unauthorized purchases and \$2,500 in cash advances.
LOST/STOLEN PLASTIC CARD	A legitimate cardholder loses their plastic card or has their plastic card stolen. The simplest form of card fraud, most typical in cases of petty theft and small-time criminal acts.	While at the gym, an unsuspecting member has his wallet stolen from his gym locker. The thief uses the member's credit card to make \$500 in unauthorized purchases.
COUNTERFEIT – SKIMMED	Skimming is a counterfeit technique in which the account information encoded on the magnetic stripe of a member's card is copied and downloaded onto another card's magnetic stripe via high-tech computer skimmers, making an exact duplicate copy.  Skimming scams can range from false storefronts, or "spooft shops," set up for the express purpose of obtaining valid magnetic stripe data from the cardholder's card, to telephone taps to capture account data during authorization or terminal downloads.	A member uses her debit checkcard at a local restaurant. When she pays the bill, data from her card is duplicated so that it can be replicated on a blank plastic card that will later be used to fraudulently purchase merchandise.
COUNTERFEIT – KEYED	A plastic card that is printed, embossed or encoded with your cardholder's card account number, and used without his/her permission in a "card present" environment through a key entered rather than swiped procedure. This type of fraud is becoming less and less prevalent.	A criminal replicates a member's card by embossing the cardholder's name, card number and expiration date on a new blank plastic card. The criminal then targets merchants that do not maintain an electronic data terminal. The merchant manually enters the fraudulently duplicated card information to complete the purchase.  A credit union is going through a system conversion. The flag to validate and decline CVV/CVC and the card expiration date on the magnetic stripe has not been turned back on. A thief finds this out and uses the card where the merchant swipes the card, and has the ability to purchase goods and services due to the CVV/ CVC and card expiration date mismatch not being validated.

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<sup>1</sup> Card Fraud Losses Reach \$21.84 Billion, The Nilson Report, October 2016.

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PC-1830205.1-0617-0719