

Independent Study Paper Title : Problems of Fidelity Guarantee Insurance Policy  
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## ABSTRACT

As in the Fidelity Guarantee Insurance, there is a great chance that the insurers would have to indemnify to the insured employers because, obviously, the dishonesty, embezzlement and fraud of the employees are unforeseeable; no one could have predicted it. Thus, the underwriters have to be experienced and expert in risk assessment so that they could make decisions whether to insure against the employers' loss or damage. In order to do that, the insurers have to take various facts into account – the stability of the employers' businesses, the controlling and checking system of the employers' financial status, the employees' employment records as well as the background check of the employees' guarantors.

The studies of the terms used in Fidelity Guarantee Insurance policies of England and Australia reveal that both countries' Fidelity Guarantee Insurance policies are standard policies in which the terms "employees" and "office workers" are clearly defined. Consequently, it is not difficult for the employers to decide to purchase such insurance policies. Moreover, such clear definitions also eliminate the disputes over the insurers' discretion to indemnify to the insured employers when their employees commit dishonest acts, embezzlement, or fraud. On the contrary, in Thailand, the terms that each insurance company uses in the Fidelity Guarantee Insurance policies are different. Besides, such policies provide no definition of the words "employees" and "office workers". As a result, the disputes over the insurers' discretion to indemnify to the insured employers would be raised whenever the dishonest act, embezzlement, or fraud occurs.

Therefore, the author recommends that the Fidelity Guarantee Insurance policies should be categorized and in form of standard policies in which the terms and conditions are clearly

stated, as well as the words “employees” and “office workers” should be defined in such policies as in other countries.

