

Private Company Solutions: Canadian Claims Examples

Crime Insurance



Employee Theft

Coverage Section: Crime

Claim: Employee theft

Company: Privately Held

Number of Employees: Approximately 1,000

Annual Revenue: Approximately \$350,000,000

Location of Loss: Canada

An employee at LMN Ltd was in charge of collecting incoming payments for the company. The employee was a member of the accounting team and had access to both the incoming funds as well as the accounting books. The employee stole funds by adding themselves as a joint payee on the cheques and then would proceed to deposit the cheques in their own personal accounts. The employee conducted this scheme over a 10 year period and misappropriated over \$520,000 in funds. The amount of the loss was \$568,000.

Inventory Fraud

Coverage Section: Crime

Claim: Employee theft

Company: Privately Held

Number of Employees: Approximately 3,400

Annual Revenue: Approximately \$550,000,000

Location of Loss: Outside of North America

Company ABC is a global manufacturer. An error was discovered in their inventory records which resulted in an overstatement of inventory and net earnings in one fiscal period. The company was forced to restate their financials. It was found that managers at a foreign subsidiary were falsely recording inventory levels, paying for inventory that was never received and misappropriating the cash. The amount of the loss was \$3,100,000.

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