

Crime Coverage

COVERAGE HIGHLIGHTS

Employee dishonesty is costly and pervasive.

Why you need protection

More than half of Canadian companies experienced fraud in 2017 and 2018, up from 18% in 2016.¹ In 2018 alone, the Canadian Anti-Fraud Centre (CAFC) received 2,263 reports of business fraud of various kinds, with a total reported loss of \$17,501,617.²

Maintaining strong, enforceable internal controls is a priority for many organizations, regardless of their size. Yet even the best internal controls, background checks and audit practices, no matter how well conceived, frequently fall short of stopping a trusted employee from engaging in fraudulent activity. Four percent of all cases were due to occupational fraud with a median loss of \$200,000 and lasted a median 12 months before detection.³

Coverage highlights

Travelers Canada's crime coverage offers multiple insuring agreements to provide protection for exposures such as loss from forgery or alteration, loss of money and securities and reimbursement for claim expenses. These perils may include malicious software, such as Trojan horse programs, and spoofing.

Claim scenarios

The following claim scenarios are provided for informational purposes only. Refer to the terms and conditions of the applicable policy and the actual facts of the claim to determine coverage.

Accounting fraud – \$400,000

A large trucking company buys and absorbs a small, family-run competitor. The prior owners continue to manage and run the operations as employees of the large company. Unknown to the larger company, when the prior owners had owned the family business, they had made many "off-book" transactions, whereby corporate money was used to buy personal items and pay personal bills. This fraud continued for eight years after the acquisition.

Kickback scheme – \$2,000,000

A food manufacturer, with operations at several different sites was involved in a complex upgrading project at one factory location. These upgrading efforts required a considerable amount of resources and attention from managers across Canada. A mid-level manager offered to help senior management and took on extensive responsibilities, including paying vendors, processing payroll and sourcing contracts. Unknown to the manufacturer, the mid-level manager orchestrated a large kickback scheme and approved payments on invoices for work that was not completed and issued payments on grossly inflated invoices. This fraud occurred over a 24-month period.



¹ Global News Canada

² Chartered Professional Accountants Canada

³ 2018 Report to the Nations (in USD)

Why Travelers Canada?

- We have provided effective insurance solutions for more than 130 years and address the needs of a wide range of industries.
- We consistently receive high marks from independent ratings agencies for our financial strength and claims-paying ability.
- With offices across Canada, we possess national strength and local presence.
- Our dedicated underwriters and claim professionals offer extensive industry and product knowledge.



Travelers Canada knows crime coverage.

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