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> From kiosk theft to sophisticated email fraud, commercial crime insurance preserves business continuity

Commercial Crime insurance

Claim examples

Below are some examples of Commercial Crime claims businesses could face. These examples are hypothetical but are based on claims that have occurred. All claims are determined in accordance with the facts of each specific scenario and cover is subject to policy terms and conditions, including endorsements.

Employee fidelity – insured property

XYZ Pty Ltd (XYZ) provides financial and insurance placement services, including claims handling services. The person of interest (POI) was employed as a claims handler and responsible for managing and processing claims. This involved access to processing payments up to a certain monetary limit.

The POI circumvented system controls and acted within their authority limit to create fictitious payee data and invoice amounts that were paid to various bank accounts held by the POI using different payee names. The issue was discovered by an employee when reconciling the claims history of a policy and observed that payments were made without an invoice attached. The payments occurred over a period of eight years with over 8,000 transactions resulting in a loss of millions. The police were notified and an investigation commenced.

Liberty's Commercial Crime insurance policy responds to direct loss of money sustained by XYZ resulting directly from a fraudulent, dishonest, malicious or criminal act committed by an employee, discovered during the policy period.

Employee fidelity – insured property

QRS Pty Ltd (QRS) is a manufacturer of electronic products for supply and sale. QRS discovered it's patented products were being advertised in a third-party catalogue. An internal investigation determined a warehouse employee was stealing products and reselling them through a third-party. The employee was covering the theft by manipulating information in the electronic inventory system. Caught in the act by surveillance cameras, the employee was charged and convicted of stock theft.

Liberty's Commercial Crime insurance policy responds to direct loss of tangible property of value sustained by QRS resulting directly from a fraudulent, dishonest, malicious or criminal act committed by an employee, discovered during the policy period.

Direct loss outside the premises

An employee of RST Pty Ltd (RST) who held the position of financial controller, left a deposit bag of money in the boot of their personal car. The deposit bag was stolen from the unlocked boot. The financial controller attempted to cover up the loss of money with falsified accounting entries. Later, RST discovered the financial controller's fraudulent accounting entries as well as the loss of money.

Liberty's Commercial Crime insurance policy responds to direct loss of money, resulting from theft of such money sustained by RST, while the money was located outside the premises and in the care and custody of an employee designated by RST as a messenger, discovered during the policy period.



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Global reach. Financial strength. Local authority.

Distinct, complex and constantly evolving – every business is as unique as their insurance needs. To confidently progress in the face of risk and uncertainty requires a level of security you can only achieve through working with specialists.

Liberty offers a breadth of world-class insurance and reinsurance services to brokers and insured clients. We bring value and solutions to business and government organisations across Australia – helping protect what they earn, build and own.

Social engineering fraud

CDE Pty Ltd (CDE) provides real estate services. CDE was appointed by a client to market for sale a residential property. Settlement of the sale proceeded between the vendor and purchaser with CDE retaining the 10% deposit in trust. The client provided CDE with bank account details for payment of the balance of the deposit monies upon settlement.

On the day of settlement, CDE received an email from a person purporting to be the client instructing CDE to pay the balance of the deposit, less commission, into a different bank account.

CDE did not confirm the new bank account details with the client and the balance of trust monies were transferred to the specified bank account. When the client did not receive the funds, the social engineering fraud was discovered. The police were notified and an investigation commenced. The client demanded payment in full of the misdirected funds.

Liberty's Commercial Crime Insurance policy responds to direct loss of money sustained by CDE, resulting directly from an insured instruction to transfer money from a transfer account as a result of social engineering fraud committed by a person purporting to be a client, discovered during the policy period.

Social engineering fraud

ABC Pty Ltd (ABC) provides construction and engineering services to clients. A fraudulent email was sent to a Brisbane office manager purportedly from the company CEO requesting an urgent payment of AUD 80,000. The fraudulent email had a 'display name' of the company CEO and came from came from: exec@office-sign.com. With the benefit of hindsight, the fraudulent account differed significantly from the true company CEO's email address.

After an email exchange, ABC's office manager requested the funds to be transferred to a bank account in Hangzhou, China.

The email was later discovered to be a fraudulent email from an unknown person. No verbal verification was conducted by the Brisbane office manager prior to authorising the payment.

Liberty's Commercial Crime insurance policy responds to direct loss of money sustained by ABC, resulting directly from an insured instruction to transfer money from a transfer account as a result of social engineering fraud committed by a person purporting to an employee of ABC, discovered during the policy period.

Funds transfer fraud

FGH Pty Ltd (FGH) is a law firm providing legal advice and services to clients. FGH held client funds in a trust account relating to the settlement of a dispute between its client and a third party. The financial institution received instructions from an email address which belonged to FGH to pay the settlement proceeds to a certain account.

It was revealed that FGH's email system had been breached and that the purported funds transfer instruction from FGH was provided to the financial institution by the fraudster. The trust funds were paid and ultimately lost. The client demanded payment of its settlement proceeds from FGH.

Liberty's Commercial Crime Insurance policy responds to direct loss of money sustained by FGH, resulting directly from a fraudulent instruction to pay money from a transfer account, transmitted or issued by a third party to a financial institution without an employee's knowledge of, or consent to, the instruction, discovered during the policy period.

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