

Commercial Crime claims



Stories of support when needed most

Combining expertise and empathy

Any crime incident has the potential to cause significant damage to a company's cash flow and profitability, as well as its reputation. Add to that the strain that investigations place on time and resource, and the rush to clear the names of innocent parties, these can rapidly become very stressful events. Often, there's a more personal dimension to crime claims as victims can feel betrayed, foolish, even traumatised by perpetrators they may have trusted for many years.

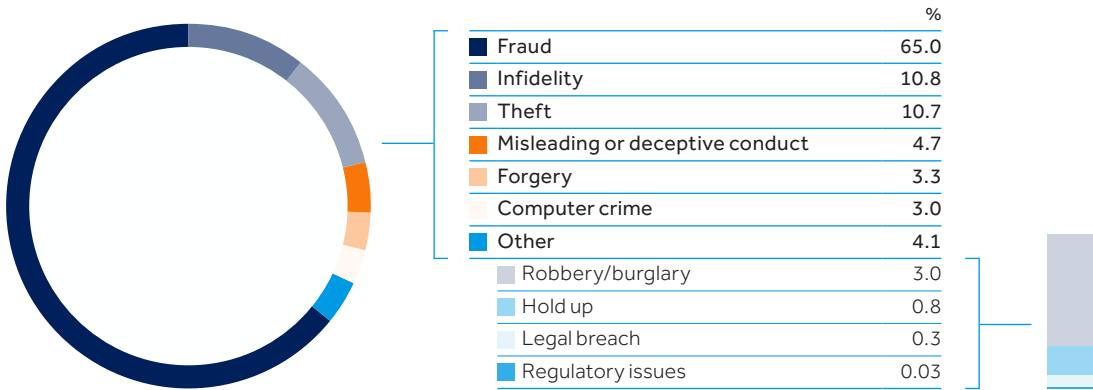
We know it can be one of the worst business events you'll have to deal with, and we totally understand how much stress you're likely to be experiencing. You may never have suffered a loss or ever had to call on an insurance policy before, but as insurers we are in the business of managing and paying claims – and we can help. We understand the need to take control, act fast, and protect your position. Our inhouse claims experts collaborate closely with defence teams and stakeholders to plan the strategy and work speedily towards an optimal outcome.

And even though there may be many millions being paid out at the press of a key, we never forget that at the heart of the melee are individuals involved and often livelihoods and reputation are at stake. Yes we have the expertise that's needed for these types of claims, but it's delivered with empathy, and we take pride in our customer focus at all stages of the process.

Past, present, and future

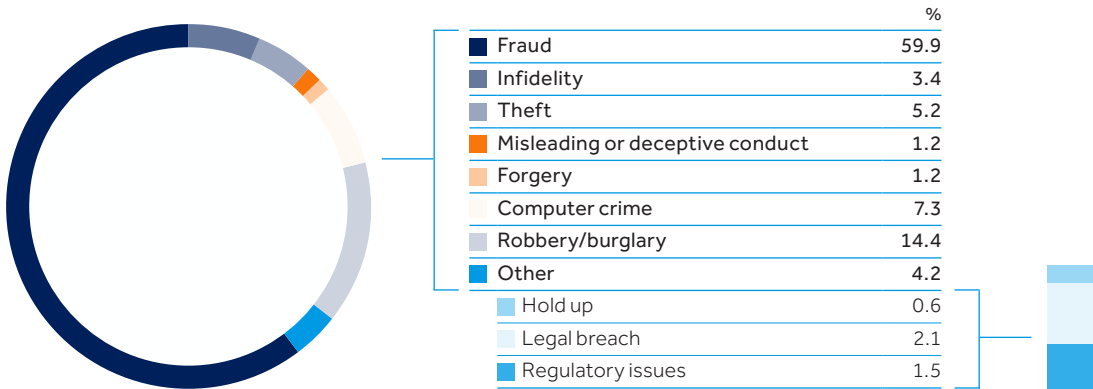
The charts which follow, illustrate the typical claim types by value and frequency for the past fifteen years. But perpetrators of financial crime are constantly developing new, often ingenious methods to target companies, such as social engineering, where fraudsters pretend to be clients, third parties, staff members, or officials such as bank or IT representatives. Artificial intelligence is making obvious warning signs harder and harder to spot.

Top 10 crime claims types by value – 15 years 2010–2024



Top 10 claims by category represent 99.6% of total claims value for the period.

Top 10 crime claims by frequency - 15 years 2010–2024



Claims of all shapes and sizes

Our Commercial Crime policy protects companies against money, stock, goods, securities, property or funds being stolen by employees or third parties. It also protects against the theft of clients' money or property for which you are responsible. The examples which follow are just a few of the many claims handled by our claims team to give a flavour of the issues that can arise in claims handled across the globe and in a wide range of sectors.

Large manufacturing company

Claim value €5.3m

As with the majority of large corporate entities, this client has long-embraced sustainability and uses large quantities of recycled material including steel. Third parties supply scrap metal for quality assessment to determine the price paid, but over a period of time, an unexpected drop in yield was noticed. After investigation, it was discovered that some suppliers had been bribing the assessment staff to certify material as better quality to achieve a higher payment – from which the fraudulent staff were given a cut. Employees were confronted and confessed, and they and the third parties involved were prosecuted.

This is a typical case of employee-supplier collusion to trigger the policy cover. The difficulty here was how to quantify the loss, as due to the timeframe over which the crime was committed and rapid product turnover, physical evidence was limited. Yield factors are also numerous and had to be taken into account in extensive calculations, but working collaboratively and using expert forensic accountants, a settlement was eventually agreed.

Field-based business

Claim value £550k

In this organisation the large workforce worked remotely offsite and was heavily reliant on mobile technology. A deal had been struck with the mobile phone provider whereby, if a certain number of handsets were ordered, upgrades or additional handsets were provided for free. An employee responsible for the mobile phone contract abused the trigger point for the free equipment and misappropriated these for personal gain.

But had the company actually suffered a financial loss, and can something be lost if management were unaware of the free entitlements and additional goods received? Based on the terms and conditions of this policy and how the circumstances played out here, we determined the answer to be Yes, and the losses were neutrally determined resulting in a full payout.

In this instance, the loss had further impact on the client as they were unable to order more hardware and needed to change suppliers and agree contracts without the previous benefits as the fraud had damaged its reputation.



Loss lessons

It can be worth agreeing loss calculation methods for some scenarios as part of underwriting or early on. Risk management controls for this type of fraud include due diligence for selection, job rotation to disrupt fraudulent relationships, meticulous paper-trails, and (AI-based) forensic software, to identify issues and trends in real-time.



Loss lessons

Having one individual, no matter how well-trusted, responsible for contract negotiations, order placements, and dealing with deliveries and invoices leaves a process open to abuse. There should always be at least one split in responsibilities within the procurement process so that any anomalies can be challenged. Ideally it should be more than one to prevent two employees colluding, all supported by a zero-tolerance and positive reporting culture.

Insurance company

Claim value: €11.5m

A claims handler at an insurance company held responsibility for both the appointment and payment of third-party loss adjusters. The employee set up fictitious third-party loss adjusters in the accounting system and over a long period of time raised numerous fake invoices from the TPLAs, to which payments were made, the monies going to accounts owned by the employee. The fraud was eventually detected, and the employee was prosecuted and convicted, but only after around €11.5m had been misappropriated.

This falls into the category of claims that 'should never be allowed to happen', but a long-serving and trusted employee had been given responsibilities along the full procurement chain and knew where the process controls were weak. Often a change in behaviour or lifestyle is a trigger to identify fraud but there were no warning signs of that nature and so the crime remained undetected for years.

Sustainable approach

Like all insurers, QBE invests its customers' premium until money is needed to pay claims. Our Premiums4Good programme diverts a portion of customers' premium to investments that deliver an environmental or social impact or return. These investments make a sustainable difference to communities around the world, benefiting causes such as reducing homelessness, supporting renewable energy, improving chances for foster children, and increasing agricultural productivity.



Loss lessons

This is not dissimilar to the previous scenario where one person had too much responsibility at all stages of the procurement process. Splits in responsibilities as described and dual sign off / 'second pair-of-eyes' checks on higher amounts should be in place.

Further information

[For more detailed information on our approach to managing your claims:](#)

Financial and specialty claims proposition
How to make a financial lines claim

[For more detailed information on our risk management services:](#)

Financial lines risk management service offerings

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Failure to prevent fraud - catalyst for financial crime resilience

For more information, please visit
QBE QRisk Knowledge Centre
and view our disclaimer [here](#)

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