



A VL real life claim example

Fidelity/ Crime

Theft of Rent Money

The Insured is a property management company in the lower end of the residential market. It looks after hundreds of properties.

One of its employees, had the task of “doing the rounds” weekly or fortnightly, and collecting rents in cash from about 110 tenants. Receipts for the money collected were made by entry into a tenant’s rent book. The monies were then recorded by the employee directly into the Insured’s computerised banking system and she produced a bulk itemised “receipt” for the funds from the computer system.

There were always tenants who failed to pay for one or two weeks but without getting into serious arrears. The employee committed the theft by pocketing one or two weekly rentals and recording “no pay” against various tenants. She maintained a rolling system where the shortfall in the money never appeared against the same tenants and the level of “no pays’ was always within acceptable levels.

When the employee was on leave and the collection round disrupted, a tenant called in to the office to pay her rent. It turned out she was in the office records as two weeks overdue although her rent book showed her as up to date.

A full audit was conducted and it was established that \$37,000 had been stolen over a period of 11 months.

When confronted, the employee owned up and immediately paid back \$11,000.

VL settled. A police prosecution followed and the employee was convicted. Reparation was ordered at \$300 per month.

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