



Unearthing Payroll Fraud

How a construction firm use cyber insurance for financial recovery.

The Client

A construction company with revenues of approximately £90 million.

The Cyber Challenge

The insured discovered that they had been inadvertently paying two former subcontracted labour employees for several years, with c. GBP104,000 paid into their accounts. The insured suspended site managers pending further investigations, and the police were notified.

The insured obtained the two employees' laptops, one of which had internet history available showing a string of visits and logins to a page used to manually clock in and clock out for work at the insured's company. The insured sent this laptop to a professional laptop data recovery expert for further investigation.

It was uncovered that at least one employee of the insured had maliciously misused the system to record time for subcontractors.

The Resolution

The client was covered under the Pen Underwriting cyber insurance policy.

Summary

- Following the police investigation, and confirmation from the policy and banks that the funds were irrecoverable, the policy cover was effected.
- The policy reimbursed the policyholder to their policy limit.

Details

Insurers appreciated this was not a straightforward erroneous transfer of money that would fall neatly within the definition of 'crime loss'.

Underwriters requested confirmation of the outcome of the police investigation and evidence from the police and banks that the funds were irrecoverable. The policy subsequently reimbursed the insured for GBP100,000 (the policy limit).

Financial position

Claim costs:	Excess:
GBP100,000	GBP5,000



Contact Us

Speak to your Pen Underwriting business development manager to secure appropriate cyber insurance for your clients' business, or email uk.cyber@penunderwriting.com.