

COMMUNITY ASSOCIATION MANAGEMENT LIABILITY CRIME/FIDELITY CLAIM SCENARIOS



Employee theft – \$17,000

The maintenance supervisor of a cooperative regularly skimmed money generated by coin operated laundry machines. The total loss to the association equaled \$17,000.

Employee theft – \$48,250

The property manager of a condominium association stole cash payments made by association members for monthly assessments. She further manipulated financial reports to cover her theft. The total loss to the association equaled \$48,250.

Embezzlement – \$75,000

An accountant for a country club used online banking services to pay his personal debts out of the country club's bank account. He then manipulated financial documents to cover the theft. The total loss to the association equaled \$75,000.

Embezzlement – \$140,000

During a large-scale renovation project, the manager of a co-op altered checks intended for an approved contractor to the name of a construction firm owned by her husband. She then altered reporting documents to cover the checks. The total loss to the association equaled \$140,000.

Social Engineering Fraud – \$75,000

A board member receives an email from someone impersonating the association's insurance agent which requests a wire for the renewal premiums. The board member wires \$75,000 to the account of the impersonator. The total loss to the association equaled \$75,000.

Social Engineering Fraud – \$8,700

An association's property manager, acting as its designated agent, receives an email from someone posing as a longtime client. The email advises of a change to the "client's" banking information. The property manager wires the next payment to the impersonator's bank account. The total loss to the association equaled \$8,700.

Community associations have limited resources to absorb theft losses. Fidelity insurance protects the community association itself from theft. Consider the following community association fidelity claim examples and associated losses and ask yourself – can you and your organization afford not to carry crime insurance?