



## Claim scenarios

### Stock

The Insured had been sleeping at the facility, as they were having problems with break-ins. Sometime between 11:15 p.m. and 11:30 p.m., the Insured smelled smoke. He came out to the warehouse to investigate and saw that it was full of smoke. He saw an orange glow along the north/front wall of the middle warehouse section of the building. He called 911 to summon the fire department, then began his efforts to put out the fire.

He reports that he used the on-site forklift to knock over taller rows of paper that threatened to ignite the building's wooden roofing system. His 20 year old son who was also sleeping in the building assisted with fire extinguishers. Using the forklift, the Insured moved propane tanks out of the fire area to a safer part of the building. He advises that the sprinkler system activated while he was knocking down bales of paper.

Since the Insured had inside stock coverage, this was a covered loss.

### Conversion

The Claimant alleged that over the course of two years, the Insured purchased new and unused bare copper wire from an employee of the Claimant. The employee repeatedly requested corporate funds for hundreds of purchases of large amounts of bare, light copper wire. He would then sell the wire to the Insured. None of the employee's requisitions were authorized.

Upon undertaking an investigation, the Claimant determined that the wire was not required for use at project sites. The Claimant terminated the employee. When the Claimant confronted the employee about the scheme, he admitted to the Claimant and to criminal investigators that his copper purchases were fraudulent. The employee would arrange for the copper to be picked up at the supplier's site and to be taken immediately to the Insured. The copper was sold as scrap and the employee kept the proceeds.

The employee was charged with a series of crimes. He pleaded guilty to some of the charges. He was sentenced to between 50 and 132 months in prison and ordered to pay restitution. The employee has only paid one installment. The claimant alleges that it cannot, by law, compel further payments.

This claim trigger is applicable to conversion coverage.



## **Impaired property**

The Claimant is seeking to recover damages stemming from the presence of chrome in material the Insured sold to the claimant. Since this Insured purchased Impaired Property Coverage, the claim would be covered.

## **Business income**

Fire broke out in an Insured's recycling facility. The fire was believed to have originated in the hopper of the separator and then spread to the numerous machines and conveyors in the building. Equipment was not usable. Roof and possible structural beams were damaged. Insured had not been able to use the facility for over six months while rebuilding the building and replacing the equipment took place. Since fire is a covered type of loss and Business Income Coverage was purchased, the Insured was reimbursed for their loss of income.

## **GL pollution**

An Insured's recycling facility maintained a series of above ground storage tanks. A leak in one of the tanks resulted in a release of a hydrochloric acid vapor cloud. Residents in the immediate vicinity, including a nearby trailer park, were evacuated and several sought medical treatment for alleged respiratory injuries, for which they sought damages. Coverage was paid under the pollution policy.

## **GL premises**

An Insured's employee was operating a shear and was attempting to lift a large piece of scrap/machinery off the trailer and dropped it. It fell back onto the claimant's trailer. They pushed it off the trailer and that is when a hole in the trailer was noticed. The damage was covered under the GL, property damage coverage.

