



AIG Canada Claims Examples

Crime Claim #1:

Collusion Amongst Employees

A company was contacted by police when product belonging to one of its clients was found by police in a warehouse. Over the next few months, management engaged in spontaneous shift checks and reviewed video camera surveillance footage of the company's night crew. After conducting the review, suspicious behaviour of two employees was identified. The two eventually confessed to their involvement and were terminated with cause. The loss amounted to over \$200,000.

Crime Claim #2:

Non-Profit Vulnerability and International Exposure

A non-profit charity experienced two thefts in a short period of time. One involved the wire transfer of over \$200,000 in a foreign country and was accomplished with the use of forged documents. The police report indicated that a known criminal network obtained, likely with collusion of one or other banking institutions involved, the insured's letterhead and forms in order to make a false transfer.

This same non-profit organization then experienced a physical theft when a number of pieces of building equipment were stolen. The value was US \$108,000. Five staff members were implicated.

Crime Claim #3:

Exposure to Criminal Activity with Executives

A family owned business experienced an employee related theft. It was asserted that the employee ran-up personal expenses and charged them to a suspended account that belonged to the company. The employee then reconciled the amounts with cheques/payments that came into the company that weren't listed in the accounts receivable ledger. The claim was closed with payment of over \$300,000.

EPL Claim #1:

Multiple Employees

Several employees alleged that they were subjected to a hostile work environment by their employer due to their religion and national origin. The settlement was reached approximately two years after the complaint was filed. The insured, while not accepting the accuracy of allegations, settled and received over \$700,000 in claims payments.

EPL Claim #2:

Former Executive

A former CEO claimed that he attempted to retire and was asked to remain CEO with a substantial financial incentive package. Six months later, the CEO received a letter placing him on administrative leave and noted that there was a reasonable basis to believe that there were grounds for termination. The CEO sought several million dollars in damages. The company was covered under its EPL policy which ultimately paid out \$1.5 million in indemnity and approximately \$1.8 million in expenses.



AIG Canada D&O Claims

D&O Claim #1:

Shareholder Suit

The founding shareholder of an insured filed a claim against the company and several individuals. The insured (the company and individuals) were accused of having approved an insider share issue offering Class A shares at a far lower price than had ever been previously paid for shares. The founding shareholder alleged that this provided some shareholders with inexpensive anti-dilution shares while other shareholders, the plaintiff included, were diluted. The loss amounted to over \$500,000.

D&O Claim #2:

Conflict of Interest

A non-profit industry group was the subject of a lawsuit from a member company of the group due to a conflict of interest. The head of the non-profit industry group also served as an officer of a related company. He was accused of using the knowledge he gained from serving as head of the industry group to help the related company which ultimately harmed the other member companies. The member of the industry group filed a claim and over \$200,000 was paid.

D&O Claim #3:

Disgruntled Association Member

Plaintiff alleged that he was a member of the union for well over a decade and that suddenly his licence was illegally revoked under the direction of the Administrative Committee on the basis of false and malicious claims. He strongly disagreed with the disciplinary position that the association had taken against him. The claim total was over \$350,000.

D&O Claim #4:

Breach of Fiduciary Duty

An employee sued her employer for breach of fiduciary duty since the company did not perform background checks on employees prior to hire. The plaintiff alleged that she was assaulted on her employer's work premises by another employee. Allegations also included false imprisonment, intentional infliction of emotional distress, negligent infliction of emotional distress, multiple negligence claims, gross negligence, breach of employment contract, and detrimental reliance on employment contract. The loss amounted to approximately \$320,000.



D&O Claim #5:

Misleading Information

An educational institution was accused of misrepresenting material facts regarding one of the programs they offered. They alleged that the school was in breach of contract; negligent misrepresentation; and violation of the Consumer Protection Act. The claim resulted in nearly \$5 million in defence and indemnity costs.

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The loss scenarios described herein are provided solely for the purpose of providing examples of the types of claims which typically are submitted under a Directors and Officers policy, and such loss scenarios do not contain sufficient facts to determine whether all or part of such claims would be excluded from coverage by one or more of the terms and conditions of a Directors and Officers policy. Actual claims with similar or identical fact patterns may contain facts or circumstances which preclude coverage for all or part of such claims under a Directors and Officers Insurance policy.

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