

### Claim Scenarios

- **Merchandise Thefts**

In addition to employees stealing cash and supplies, theft can result from a bookkeeper conspiring with a warehouse worker to alter inventory records and divert merchandise.

- **Ordering and Purchasing Scams**

Purchasing agents or buyers may over-order or pay too high a price for hard-to-move materials, then take kickbacks from the orders. A variation is for the buyer to start a fictitious company and “buy” materials for themselves at a very favorable price.

- **Cash Register Schemes**

Easy scams include voiding occasional sales or not ringing up sales and keeping the cash.

- **Seasonal Scams**

Some manufactures hire and lay off seasonal employees throughout the year. A dishonest employee in personnel may add phantom employees to the books, collect their paychecks, and then remove them before the fraud is detected.

- **Scrap Losses**

In many manufacturing processes, scrap metal is a by-product that can be sold to scrap dealers. Embezzlement schemes include dishonest employees selling scrap to dealers on the side, or selling it outright to a dealer for a reduced price in exchange for a kickback from the dealer.

These scenarios are not intended to be interpreted as coverage positions. Coverage for any given claim is based upon its facts and the specific terms and conditions of the policy.