

LOSS PREVENTION

Conversion Coverage

What is Conversion?

Conversion is a fraudulent act where a person uses false information or identification to defraud another person of his/her property for the purposes of obtaining and/or disposing of this property.

We have had our first claims under the new Conversion Extension under the POED Broad Form. Some of these dealers did not meet the requirements for coverage and one made an interesting comment: it was their understanding that the policy had changed and they would get 75% recovery with ***no conditions and/or exclusions***.

The CRA Insurance policy has indeed changed to provide very broad coverage for Conversion; however, there are still conditions that must be followed for coverage to apply.

There must be some onus on the dealer to take proper measures to ensure that he is not just giving his equipment away to anyone who calls but rather takes at least the minimum steps to check identification and credit cards.

The other members of the insurance program do not want to use the money in their loss pool to pay claims for those dealers that do not take any measures to protect themselves!

The circumstances of these claims are similar:

- An unknown individual phones and requests a loader be delivered to an address.
- The dealer takes a deposit on a credit card over the phone.
- Delivery is made within hours to an individual(s) at a new development or in a vacant field.
- The billing address was the development or the vacant field location.
- No verification of the credit card was done.
- No copy of a valid Driver's License was obtained, nor was a D/L number even obtained.
- There is no signed rental agreement.

Unfortunately coverage under the Conversion Extension was denied due to "Failure to maintain above records will result in denial of any claim".



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The wording is as follows:

- w) Conversion Coverage Rental Property

This policy insures loss of the property insured as a result of conversion while said property is entrusted to the care of a renter and subject to the following conditions:

- i) There is a signed valid rental agreement in place;
- ii) The Insured has in their possession:
 - a) The rental customer's valid Driver's License number, and;
 - b) Imprint of, or processed electronic credit card transaction of a valid Visa, MasterCard, American Express or other major credit card.

Failure to maintain above records will result in denial of any claim.

Measure of Recovery

The Insurer shall reimburse the Insured for 75% (seventy-five percent) of the value of the property lost as established under clause 8. Valuation less, the Property of Every Description applicable deductible stated in the Certificate of Insurance.

The coverage is very broad but has very specific requirements for coverage to apply.

Protect yourself and ensure that Conversion Coverage will apply by checking the credit card and Driver's License information and obtain a signed Rental Agreement.

For additional information or questions please call 1-800-665-8990:

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