



CANADIAN RENTAL ASSOCIATION
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Fraudulent Conversion Losses

There are three basic types of "theft" (wrongful abstraction of property) coverage provided by insurers today:

1. Theft by an unknown third party such as a "Break & Enter";
2. Theft by an employee or employees known as a "Fidelity Loss"; and
3. Theft by a person or persons for whom the property was entrusted such as equipment rental is known as "Fraudulent Conversion".

Fraudulent Conversion is defined as an act against another person's property with the intent of defrauding someone, designed to detain or dispose of the property in a wrongful manner.

Without question "Fraudulent Conversion" is the most commonly misunderstood type of theft.

By far most insurance policies available today do not provide this form of theft coverage. This coverage is specifically excluded within the policy wording but can be added by endorsement. If purchased, this coverage would be shown on your Certificate of Insurance.

The normal daily operation of all Rental Dealers involves entrusting your equipment to a Third Party (Your Customer). Should your customer knowingly not return your property, you become a victim of a loss by "Fraudulent Conversion".

Whether or not you purchase Conversion Insurance Coverage, there are Risk Management controls

that should be taken to protect your business from these types of losses:

Prior to the rental of any piece(s) of equipment you should obtain the following identification from the rental customer:

1. A signed rental agreement;
2. A copy of rental customer's drivers license with photo;
3. A processed electronic credit card authorization from a valid Visa, MasterCard, American Express or other major credit card with signature; and
4. Vehicle license plate number.

If you have questions about the coverage or would like a quote please contact your Account Manager.

