Innovation Growth Partners Specialty®

CONTACT US

Dave Perkins, RPLU
(508) 848-4263
dave.perkins@igpspecialty.com

Invoice Manipulation Coverage Explained

Invoice manipulation coverage is a type of insurance, typically a cyber liability policy endorsement or add-on, that protects a business from losses incurred when a fraudster, through a security breach of the insured's network, intercepts or sends a fraudulent invoice to a client or vendor, directing payment to the fraudster's account instead of the legitimate one. This coverage is crucial for businesses to recover funds lost when a customer or vendor sends money to a cybercriminal's account, thinking they are paying the business.

How Invoice Manipulation Works

1. Compromise
A cybercriminal first gains access to a legitimate business's email account through phishing or other means.

2. Eavesdropping
The attacker observes the business's communication with its clients or vendors to learn their correspondence habits and trusted relationships.

3. Interception
The attacker intercepts an invoice or sends a fake one to a client or vendor, using a compromised email address.

4. Payment Redirected
The fraudulent invoice contains new or altered payment instructions, such as a different bank account number.

5. Loss
The client or vendor pays the fraudulent invoice, believing it's legitimate.

6. Discovery
The business discovers the fraud when it doesn't receive payment from the client or vendor, or when it realizes funds have been misdirected.

Why It's Needed

Uncollectible Receivables
A fraudulent invoice can result in an uncollectible receivable, as the client or vendor has already paid the amount to the fraudster.

Not Always Covered
While a company might think it's covered by a general cyber or crime policy, invoice manipulation often falls outside these standard coverages.

Legal and Business Relationships
This coverage allows the business to recover funds without having to pursue the client or vendor for a second payment, preserving business relationships.

What the Coverage Does

- It helps cover the financial losses from fraudulent payments made by clients or vendors to fraudsters as a result of a security breach or Business Email Compromise (BEC).
- It can cover defense costs and damages if the business is held liable for funds transfers that were misdirected due to the fraud.

©2026 Innovation Growth Partners Specialty, LLC | igpspecialty.com