

# Contractors' Equipment Safety Guide



UBI

A Division of AmTrust North America

### SERVICES BEYOND THE POLICY

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Purchasing insurance from UBI, A Division of AmTrust North America, is a wise choice. We provide more than a policy. We provide the support of UBI Loss Control Services, professionals whose reputation for technical proficiency is well known.

Our goal at Loss Control Services is to make your operations safer, more efficient and even more profitable.

Obviously, no loss-control service can guarantee zero employee injuries, a fire-proof building, immunity from lawsuits or complete theft protection. Insurance is still the ultimate safety guard in an imperfect world, but Loss Control is an important component to preserve your resources.

### CONTRACTORS' EQUIPMENT THEFT

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#### Theft Attraction

- High value, concentration and mobility of equipment. The higher the value and the greater the ease to transport equipment, the more likely it will be stolen.
- Poor site and equipment security. One third of thefts are reported on Monday morning, and up to 60% occur at jobsites with a lack of adequate security.
- Ease of used equipment sales. Prices lower than market values usually indicate theft.
- Low risk of detection. No mandated registration system is established for off-road equipment.
- Light penalties even if a thief is caught, prosecuted and convicted.

#### Theft Characteristics

- A thief observes a jobsite to learn the contractor's routine and identify security measures at the site.
- Thefts typically occur an hour after the workday has ended and on weekends.
- Most thefts are not attempted if the thief cannot enter the site, load the equipment and move it off site in less than 10 minutes.
- A buyer for specific equipment is selected before a theft is attempted.
- Stolen equipment often does not leave the local area. It may be found in storage or in use at a nearby jobsite.

#### Theft Locations

The National Equipment Register is a national database of equipment theft and ownership records. The NER's fifth annual report on national equipment theft reveals that the states with highest volumes of construction and agriculture operations and the areas with the highest concentration of equipment report the greatest number of thefts.

Based on 4,310 thefts reported in 2007, the top five states of Texas, Florida, California, North Carolina and Georgia accounted for 31% of the total thefts. Texas has reported the highest number of thefts in the past two years.

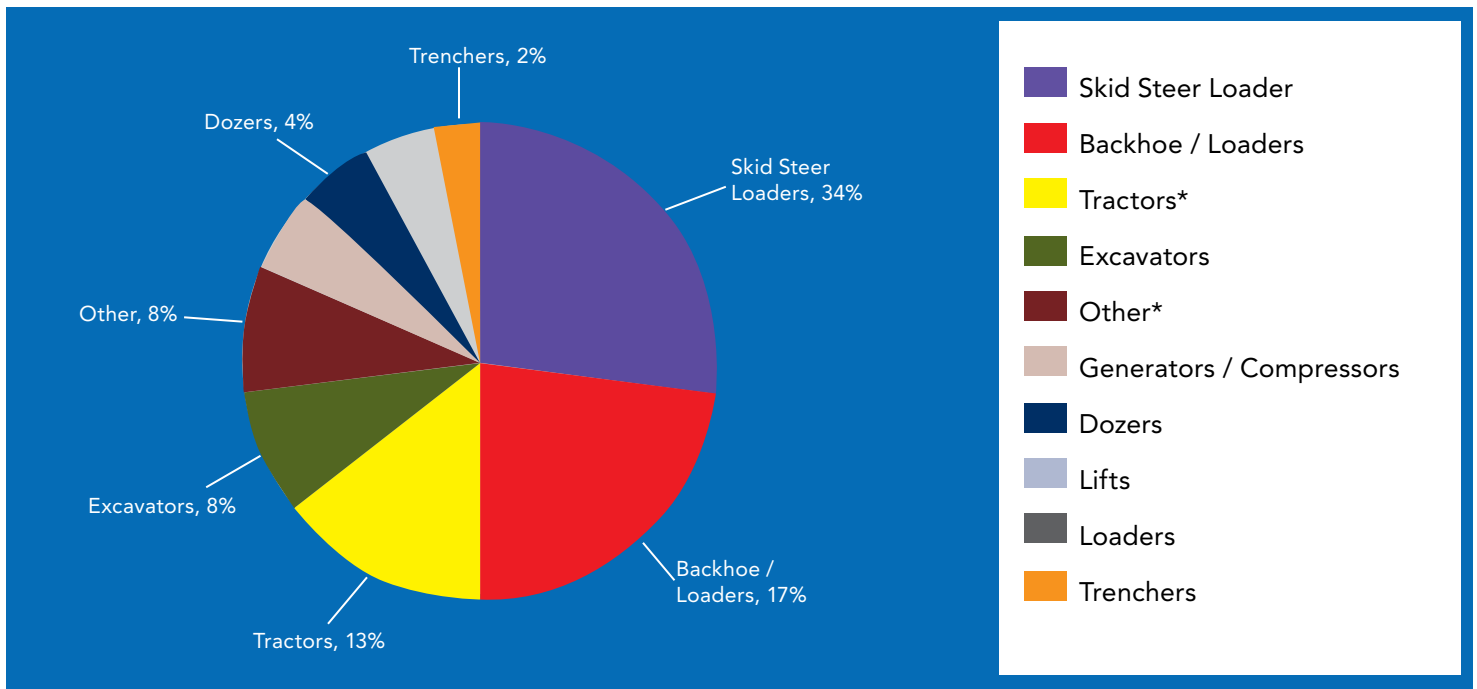
More than 60% of equipment thefts are from other premises or work sites with limited security, e.g. inadequate fencing and nighttime lighting. About 30% of the thefts are from the insured's premises, and less than 5% occur during transit.

## EQUIPMENT TYPES

Accounting for more than 75% of the 4,310 thefts reported in 2007, the five main types of stolen equipment are skid steer loaders, backhoe loaders, tractors, excavators, and others including graders, rollers, scrapers and wood chippers. Skid steer loaders are prime targets because they are high in demand, versatile, multifunctional, and because they can be readily moved onto a trailer and taken to another site.

Tractors, backhoe loaders and compressors can be used for many different activities on most jobsites and are profitable pieces of equipment to resell. They can be easily transported. Backhoes are often stolen because they share visual similarities and have a common key. Compressors are versatile pieces of equipment with high rental costs that make them attractive to thieves who are looking to use them on another job or sell them.

## THEFTS BY TYPE OF EQUIPMENT: 2007 (NER 2007 EQUIPMENT THEFT REPORT)



\* Tractors includes compact, utility and agricultural tractors. Other consists of more than 50 types of equipment such as graders, wood chippers, rollers and commercial mowers.

## EQUIPMENT MAKES

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The most common makes of equipment stolen in 2007 are:

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|----------------|--------------------|
| 1. John Deere  | 6. Case            |
| 2. Kubota      | 7. Multiquip       |
| 3. Caterpillar | 8. Komatsu         |
| 4. Bobcat      | 9. Massey Ferguson |
| 5. New Holland | 10. Whacker        |

## EQUIPMENT AGE

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An estimated 88% of the thefts in 2006 involved equipment made after 2000. By 2007, half of the machines stolen were five years old or less. Newer, more valuable equipment is likely to be stolen. Equipment manufacturers did not install more security on equipment in 2007 than in 1980.

Auto theft typically involves older vehicles rather than newer models with antitheft devices. However, the design of construction equipment relies on the convenience of a single key that fits the cab door and ignition rather than complex antitheft systems found in newer cars. The simple design permits inexpensive duplication of keys that can be used for the theft of high-value equipment.

## EQUIPMENT THIEF PROFILE

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Studies of equipment theft reveal that thieves are familiar with equipment operation and recognize security weaknesses. Some learn about the equipment or pay others in the business for help and information. Some criminals are knowledgeable about equipment operations and see an opportunity to make additional money. In finding how easy it is to steal equipment, most thieves continue until they are caught. Arrests often lead to multiple recoveries.

## EQUIPMENT RECOVERY

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The rewards of equipment theft outweigh the risk. Only 6.5% of the stolen equipment is recovered as compared to auto recovery rates of 63%. While site and equipment security are useful theft deterrents, these measures are not helpful after equipment is stolen.

Equipment recovery rates depend on the speed of theft discovery, availability of accurate data and the complexity of equipment identification. One third of the thefts are reported on Monday after workers notice that equipment left at a job over the weekend has been stolen. Without a mandated registration system for off-road equipment, there may be no record of the Product Identification Number (PIN) or serial number, which is key information for equipment recovery. Without a standard format for PIN numbers, the incorrect or incomplete version of the PIN renders a loss report useless to law enforcement and insurance adjusters.

Due to the increasing number of thefts at jobsites, measures for securing and recovering stolen equipment are becoming more significant. When equipment theft occurs, it is important to circulate local theft reports and notify national databases. Before purchasing used equipment, buyers should check [www.IRONcheck.com](http://www.IRONcheck.com).



## TIPS FOR THEFT PREVENTION

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### Security Policy

- Establish a written jobsite security policy during pre-job planning. A budget should be set up for fencing, alarms, proper lighting, security guard service and closed circuit television surveillance systems. Create a checklist for an initial security audit.
- Assign security responsibilities to the job superintendent and project manager. Security personnel should have an accessible and updated list of workers assigned to the site. Issue ID cards or passes to employees and subcontractors, and keep a log of on-site visitors. A list of names and phone numbers of key personnel who can be contacted in case of an emergency should be available. A copy of the list should also be given to the local police.
- Contact the police and fire department before starting a job. Request that the police include the jobsite in their patrols, especially during off hours and weekends. Keep the police informed of off-hour activities that are planned, and immediately notify them of any losses. The police should file loss reports with the National Crime Information Center (NCIC).
- Promote security awareness among all workers and outside vendors who deliver materials. Maintain complete records of all material and equipment deliveries and any security incidents. Review theft and security issues with field employees who are familiar with the work site and who may be valuable in identifying potential theft problems. Make random site visits during off hours and weekends.
- Ask the public and nearby residents to report suspicious activities on the jobsite. Contractors should establish liaisons with local groups or associations working to protect against/control construction site security problems.
- Management should perform random job inspections to observe all workers and check materials and equipment. Investigate any suspicious change in work or product quantity.
- Check the accuracy of time records or time clocks. Require accounting employees to take their vacations. Those who cover during the vacation absences can serve as an additional check on accounting discrepancies.



### TIPS FOR THEFT PREVENTION (CONTINUED)

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#### Jobsite Security

- Security fencing should be installed to nationally recognized standards (ASTM F567-93, Standard for the Installation of Chain-Link Fence). Maintain a clear zone on both sides of the fence. Fence gates should be of heavy construction with spot-welded hinge pins. Lock hardware should be casehardened steel and of the high-security, padlock type that is permanently attached to the fence. Remove keys from padlocks. Make routine fence inspections and promptly repair damaged areas.
- Establish one main entrance/exit gate with security control to protect against entry of unauthorized persons and theft or vandalism of equipment and material. On large projects, additional gates with security control may be necessary. Establish limited key access for all fenced areas.
- Post "No Trespassing" signs around the perimeter of the site. The signs could also state that the equipment at the site has Product Identification Numbers recorded at a central location and, if appropriate, on a national database such as National Equipment Register.
- Security guards should have supervised rounds and check points, as well as a means of jobsite and offsite communication. Consider alarm and surveillance systems depending on the type of project. Nighttime lighting of the site should be elevated to eliminate dark areas and positioned so that it does not limit the view or blind security guards.
- Provide offsite parking areas for all workers and visitors to the site. Offsite parking is a deterrent to theft and will help control the disappearance of small equipment, as well as tools and materials. Basic warning signs should be posted to keep unauthorized persons off the jobsite. Reward signs and reward decals on equipment help discourage vandalism or theft.
- Keep disposable cameras at the worksite for employees to photograph suspicious people. At the end of each day, the entire job site should be checked out and secured by assigned supervisory personnel.

#### Equipment Security

- All tools, equipment and attachments should be double stamped with an ID number, one conspicuous and the other hidden. Using etching tools or a steel punch, duplicate a unit's PIN or other serial numbers in at least two places on the equipment, one obvious, one hidden. Record the location of these numbers. Warning signs on equipment should indicate that ID and serial numbers are recorded. Display company decals.
- For easy recognition after a theft, paint equipment with a custom color scheme or design. Paint equipment holders a contrasting color to remind users to return equipment to an assigned place. Paint the tops of cabs and trailer bodies to aid in aerial identification.
- Maintain a detailed inventory control system of all equipment to aid in identification and proof of ownership. Note equipment modifications as well as decals, damage, company- or owner-applied numbers, including engine numbers and if the unit has wheels or tracks. Keep records of equipment location assignments, the dates of delivery and anticipated return. Include photographs of equipment and expensive tools. When describing the unit, use actual manufacturer model names. Avoid using generic terms such as "tractor" or "dozer."



- Register owned equipment with the National Equipment Register. The NER provides secure online equipment registration to extend protection of equipment beyond the worksite. As a national database of equipment theft and ownership records, the NER has equipment specialists who provide 24/7 information and assistance to law enforcement, owners and insurance industry in the fight against equipment theft.
- Install alarm systems on major pieces of equipment and antitheft devices, such as locked hood side plates, locking steering wheel devices, locking filler caps, lockable electrical switches, as well as protective covers for gauges and window glass.
- Store equipment in a highly visible, well-lighted and secured site area, especially on weekends. Position smaller equipment such as a skid steer between the bucket and body of an excavator. Also, place larger equipment in a circular pattern with smaller items such as generators and compressors inside the ring. When it is no longer needed, remove equipment from the jobsite.
- Provide a written log or check-out / check-in record for equipment and tools. Establish a supervisory key control program and make a list of employees authorized to use equipment. Make it a company policy that keys be removed from unattended and stored equipment. Establish a key sign-out log and lock keys in security boxes.
- Lock and disable equipment during non-working hours. Anchor equipment with either a chain or cable that is brightly painted brightly to prevent damage loss from unobservant thieves or even employees. Immobilize equipment that is not in use. Remove rotors and batteries, lower blades or buckets, and lock-out the electric starting systems.
- In addition to anti-theft devices, consider installing tracking and recovery systems such as LoJack on valuable equipment. The radio frequency technology of LoJack assists law enforcement agencies in the quick recovery of stolen equipment.

## EXPERTISE IN PARTNERSHIP

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UBI Loss Control Representatives may visit your facilities to make a survey of your premises and operations. The survey can result in either suggestions to reduce potential accidents or as a gateway to more specialized loss control services, including industrial hygiene and ergonomic evaluations. A Loss Control Representative can review existing programs or assist in the design of comprehensive safety programs for the various types of construction operations.

For more information or questions, please contact UBI Loss Control Services at 1-800-777-2249 and ask for Loss Control Services. For questions about your policy, please contact your agent.



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