



## Theft & Fraud in the Construction Industry

Regional meeting 27<sup>th</sup> April



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Risk Solutions



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# Thieves guide to stealing a JCB Telehandler in 2006



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- Break in – actually it probably wasn't locked!
- Buy a key for a couple of pounds (most people had one already).
- It isn't alarmed (and if it was who would hear it on a remote site?).
- It isn't fitted with an electronic engine management system so it can't be electronically immobilised.
- It doesn't come fitted with a tracking device.
- It doesn't have a number plate if it isn't registered for road use.
- Basically – get in, start the engine and drive it away!
- Take it to the European mainland with little or no chance of the vehicle being tracked or, even if you get stopped by the police, identified.

# Thieves guide to stealing a JCB Telehandler in 2016



Try to:-

- Break in because it should be locked.
- Overcome the Thatcham approved immobiliser which arms itself after a certain period following shutdown.
- Start the vehicle without the unique key.
- Disable the Livelink tracking system which has geofencing and real time location facilities.
- Remove the tamper-proof Cesar Datatag plant identification plate, datadots in unique DNA solution and several electronic transponders.
- Get it to the European mainland without being picked up by the police who will immediately be able to identify the plant as they have access to the CESAR stolen plant database 24/7.

# Committees committees committees!



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- Plant Theft Action Group
- Combined Industries Theft Solution
- Thatcham Vehicle Security Steering Group for Plant
- PANIU (Plant and Agricultural national Intelligence Unit) funders group.



But aren't committees just talking shops?

Does anything actually get done or is it all just compromise and pithy platitudes?

Good challenge – it depends on who sits on them!



# Trade Associations



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- Construction Plant-hire Association
- Construction Equipment Association
- Agricultural Engineers Association



# Original Equipment Manufacturers



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**TAKEUCHI**



**MERLO**



- Lombard
- Santander
- JCB Finance
- Barclays



# Major contractors



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# Security companies



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# Insurers



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Plant and Agricultural National  
Intelligence Unit formed 2008



# Theft losses 2008 - 2015

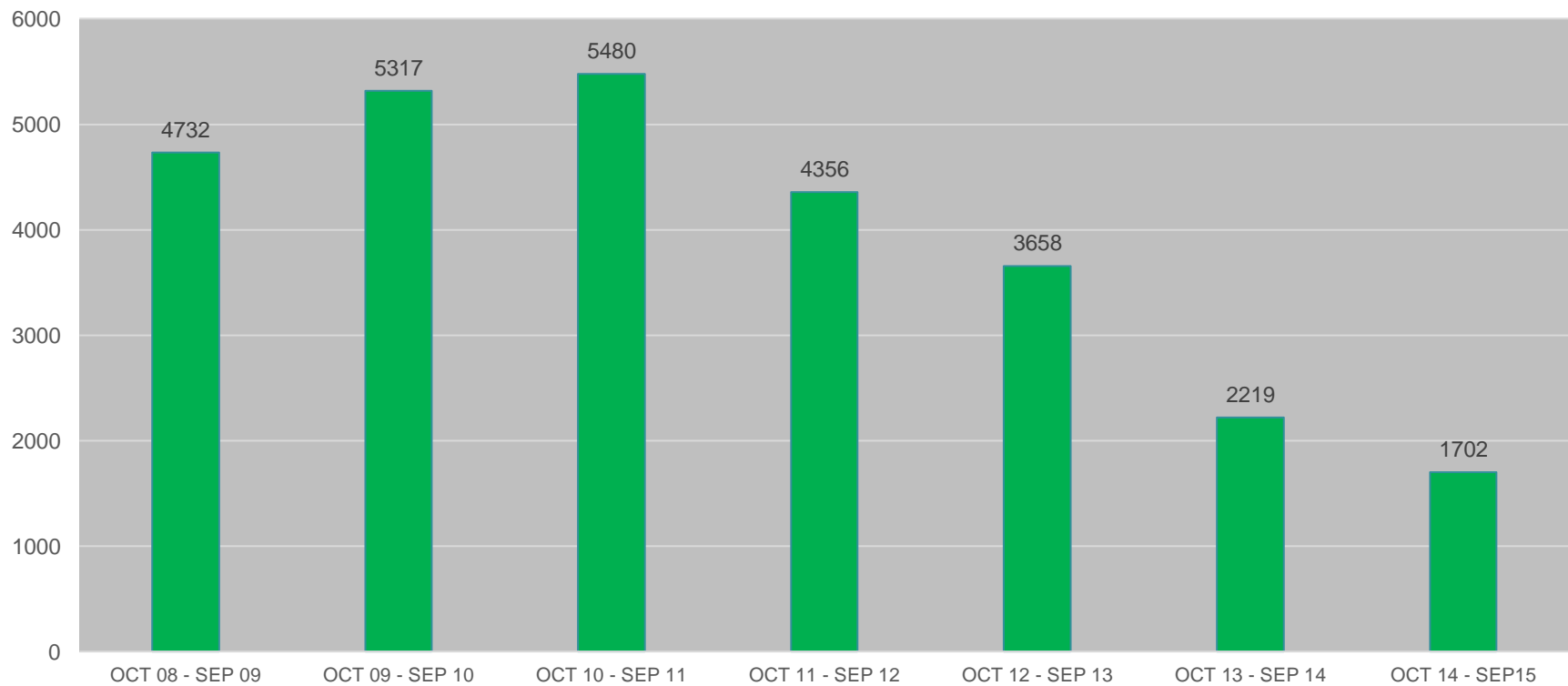


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## Plant & Agricultural machinery theft down by 69% from peak in 2010/11

Total thefts by PANIU year



# Theft of JCB equipment 2008 to 2015

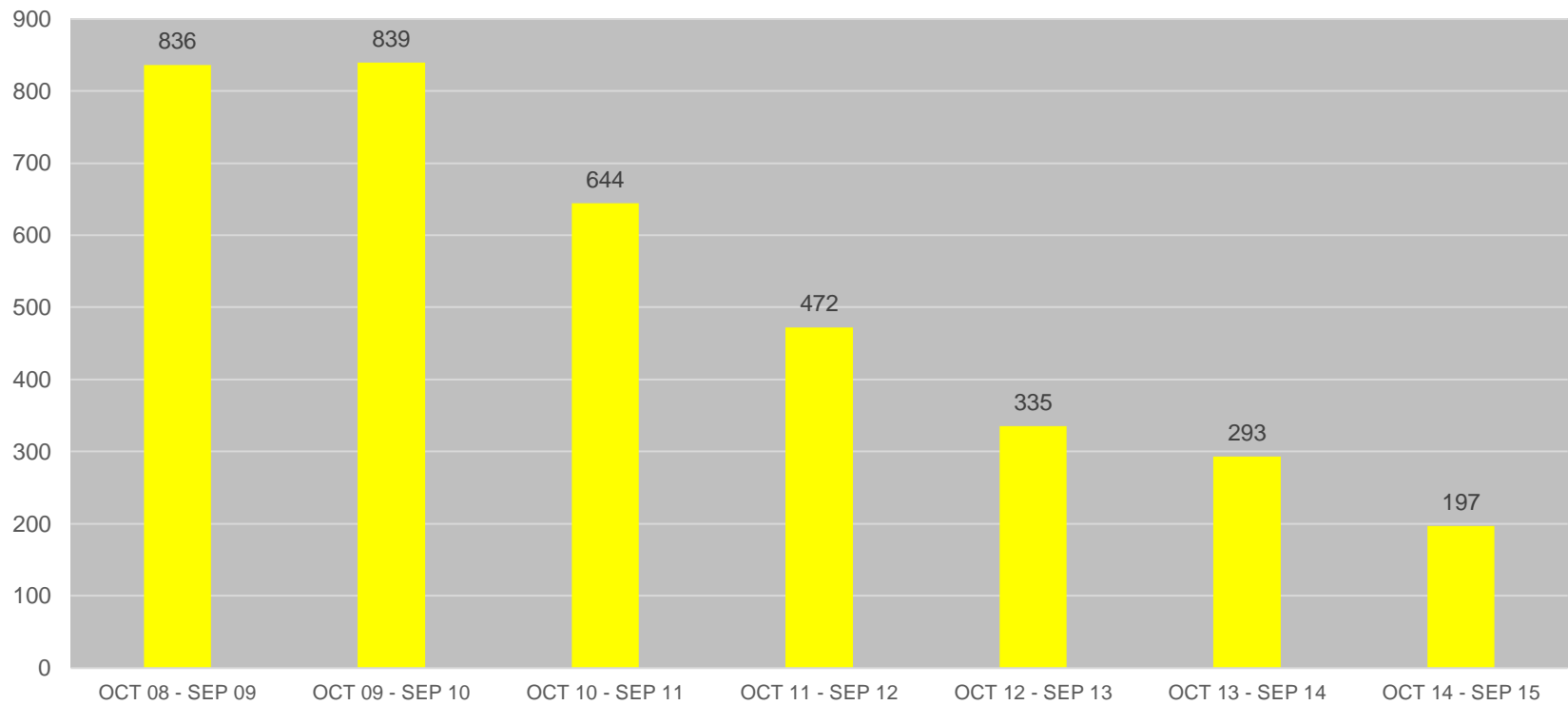


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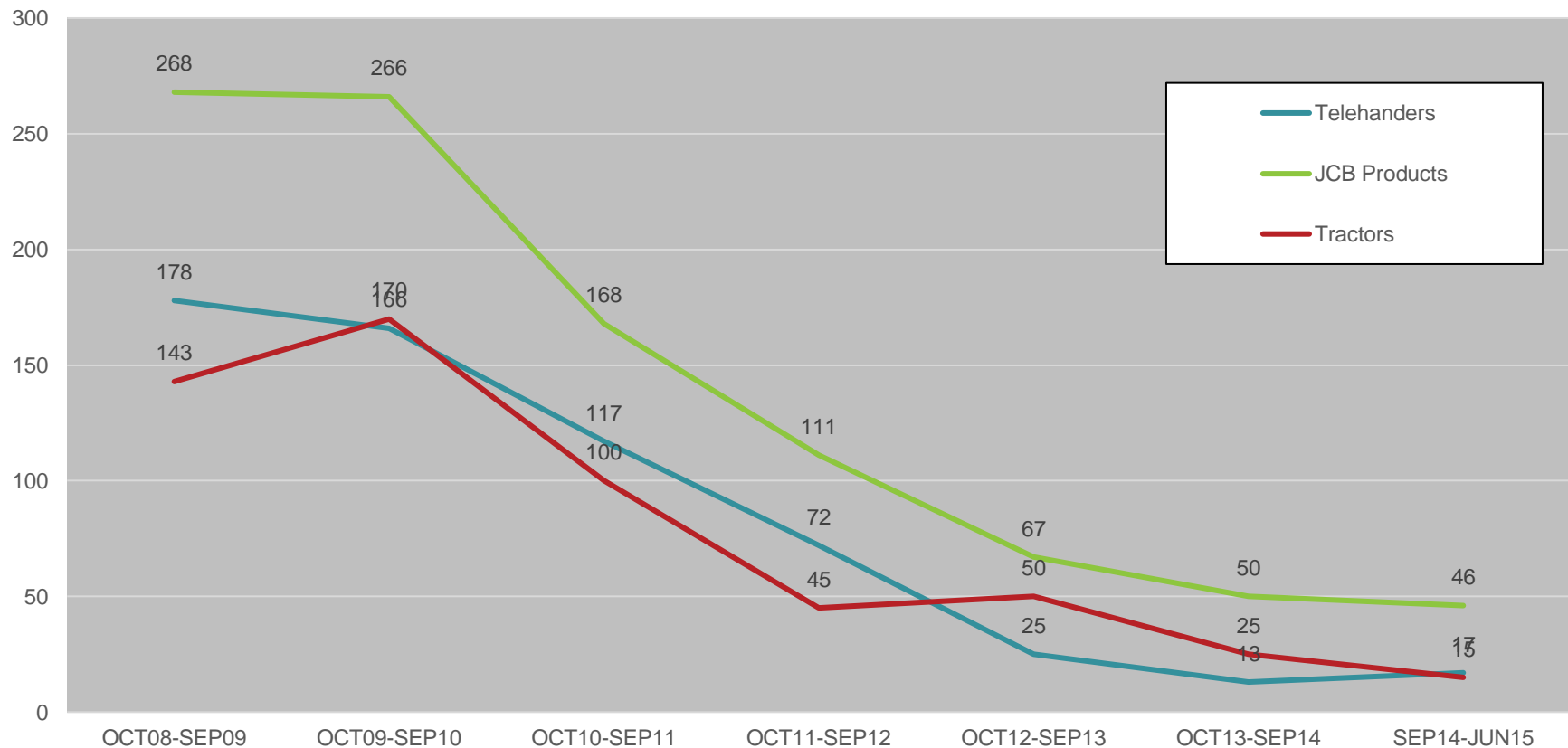
JCB thefts have decreased by 77% in 6 years

JCB Theft



Theft of newer machines has fallen faster than the rate of overall theft.

Thefts of machines 0-5 years old by PANIU recording year



# Problem solved?



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- Well not quite because.....
- Fraudulent theft is on the increase.
- No hard data but PANIU estimate that up to 25% of thefts may now be as a result of fraud.
- Why is this happening?

# What a thief has to overcome to steal new plant in 2016



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- Getting up in the small hours to stumble around a muddy site in the drizzle.
- Cab security.
- Thatcham approved immobiliser (which will be automatically armed).
- Starting the vehicle without the unique key.
- Disable the tracking system.
- CESAR multi layer security and identification.
- Getting it to its final destination without being detected by the police.

Why do this when, if you can find a plant owner who doesn't have robust hire procedures, they will deliver the plant to a location of your choice complete with the keys and security codes and not come looking for it until the hire period ends?



# Hiring a car a small family car worth £8,000 – what you need to do



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- Show a valid driving licence (photo driving licence and paper copy)
- Show a passport if not a UK resident
- Produce another means of identity showing same address as driving licence such as a utility bill, post office savings book, building society book etc.
- Have a credit card in your name
- Complete an insurance information form
- Sign the hire agreement (they make check the signature against the other documents)

# Hiring a large excavator worth £80,000 – what you need to do



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- Phone the hire company and give them your first name (or just make it up as they won't check)
- Give them your mobile phone number (keep a cheap pay as you go phone especially for this purpose)
- Pay by any credit card other than your own (payments made on a stolen credit card won't be notified to the hire company for at least 48 hours)
- Tell the hire company to drop it off in a lay-by near Melton Mowbray and apologise that you won't be there to take delivery but that your foreman will sign the paperwork.

# Fraudulent hire – the problem



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- There are some sophisticated scams.
- Most of them aren't because they don't need to be.
- Hard times in the construction industry means that plant hire companies are desperate for business – and maybe they are prepared to take chances because they think it will be their insurer who pays.
- The CPA are the only hire association to give guidance to their members on proper hire procedures.



Insurance www.cpa.uk.net

# Insurance

## CPA HIRES - BEST PRACTICE

### PLANT THEFT

Plant security is improving. Many manufacturers have responded to customer pressure and are now fitting security devices to new equipment. CESAR registration is fitted as standard to many machines as are dating, immobilisers, unique keys and key fobs. These together with tracking devices will, as time goes on, make Plant harder to steal.

But as security improves, Plant Hirers are more and more exposed to the threat of fraudulent hire. This is becoming increasingly common and more sophisticated. Thieves find it harder to steal the machine so they are now trying to get you to hand over your machine, complete with the keys, key fobs and immobiliser codes.

**Best Practice**  
You can protect yourself against by following the 9 Steps Best Practice. These are probably things you are doing already and much of it is common sense, but it is important that you have a strong system and make sure it's being carried out all the time:

1. Go and retain a copy of the hire agreement, signed by an approved person.
2. For new or non-account holders take copies of two proofs of ID. One with a photo and one with a current address BEFORE hire commences. Obvious ones are: Driving license, UK passport, Debt or credit card, Bank statement or Utility bill.
3. Also for new and non-account holders obtain a couple trade references again, BEFORE any hire commences.
4. Check they've got Hire-In Plant Insurance. If you're not sure, a good Insurance Broker will check this for you.
5. Do a credit check and keep copies of the signed credit agreement.
6. If not on account, only accept payments from a credit card in the name of the hirer – check it against the ID you took at the outset.
7. If Plant isn't returned on the due date – find out why. Keep a diary system to be on top of when Plans is due for return and chase it up.

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### PLANT THEFT

8. When a machine is off hired and you are collecting it. Collect it quickly – your customer soon has no responsibility for the machine and might not care about securing it.

9. If you have a driver in the area, drive past and check your machine is still on the site where it was delivered. Not only is this common sense but your insurance might be invalid if you don't follow these steps. Also, check that fraudulent hire is not excluded from your insurance – it often is.

**Risk Management**  
No matter what you do, you can't eliminate the risk totally. This is why you need a good Insurance Broker who understands your business. In addition to sound risk management advice, a good Broker will work with you to arrange insurance cover that's there if you need it. Insurance can seem expensive but there are lots of things that you can do to keep your premiums down without compromising on protection. Insurers give good discounts for strong, well-run businesses that pay close attention to health and safety, carry out regular maintenance and have up to date risk assessments. A well protected, secure yard to store your plant is also a must.

Having done all of these things, your plant could still get stolen. If it does and you have to make a claim, it's a pain – wasted time, lost hires and long lead times for new machines. You can ease the process by making sure hire contracts, delivery tickets, purchase invoices and service records are all to hand - these will all be needed by the insurance company. To make this as stress free as possible and ensure a quick settlement, a good Insurance Broker will support you every step of the way. If they understand your equipment and the plant hire industry, experience shows that up to a 20% increase in your claim settlement is often possible.

**Protect your Business**  
Plant security may be getting better but there is still a lot you need to do to protect your business. With the help and advice of a professional Insurance Broker who understands plant hire, your hard work could be rewarded by lower insurance premiums, less wasted time and increased profitability.

Michael Gregory  
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- Finance for all types of plant and vehicles, new and used
- Available for both JCB and non-JCB assets
- We are a people's business, with a nationwide team of experienced managers
- We focus on meeting the needs of our customers

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1. Retain a copy of the hire agreement.
2. Take copies of two proofs of ID, one with a photo and one with a current address.
3. For new customers, obtain trade references before hire commences.
4. Check they have hired in plant insurance.
5. Do a credit check and keep a copy of the signed credit agreement.
6. If not on account, only accept payment from a credit card in the name of the hirer.
7. If plant isn't returned on due date find out why.
8. If a machine is off hired and you are collecting it, collect it quickly.
9. If you have a driver in the are, drive by to check your machine is still there.

Take copies of two proofs of ID, one with a photo and one with a current address.

- Photo ID is the most critical check.
- You can fake the document the photo is on but you can't fake the photo.
- Thieves aren't stupid and they don't want thefts to come back to them. If a hirer shows any reticence to give you photo ID then be very suspicious.
- You must actually see the person whose ID you are accepting. PANIU reported a case where a plant hire company had accepted a passport by fax.

Check they have hired in plant insurance.

- It gives the plant owner no protection at all if the hirer's intent is fraudulent.
- The policy is in the name of the fraudster and only he can claim under it.
- As soon as he attempts to use the policy for fraudulent means it is void.

# Theft of small plant and tools



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- The only other area where theft is becoming an increasing issue.
- Can't be protected by conventional tracking and immobilisation technologies.
- A bigger problem to plant owners than to insurers as individual items often fall within the policy excess and can't be claimed for.
- New potential security solution.....





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# Any questions?

