

2012 Theft Report

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AN ALLIANCE WITH A PURPOSE

Through a joint alliance, the National Equipment Register (NER) and the National Insurance Crime Bureau (NICB) continue to make life more difficult for equipment thieves. By combining services and areas of expertise, we're providing an efficient conduit for law enforcement and insurers to identify any type of heavy equipment at any time of day and to help contractors reduce the likelihood of unknowingly purchasing stolen equipment. Through our joint efforts, we're reducing the cost of theft for equipment owners and insurers by increasing the likelihood of recovery and arrest. We're also limiting the ability to fence stolen equipment, thus making heavy equipment a riskier target for thieves.



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OVERVIEW

The National Equipment Register (NER) and National Insurance Crime Bureau (NICB) annual report on equipment theft in the United States is based primarily on data the NICB drew from the National Crime Information Center's (NCIC) database of more than 10,000 thefts of construction and farm equipment in 2012 and information reported to ISO ClaimSearch®. We'll publish similar reports every year to help track trends using the growing volume of data available to NER and the NICB.

AIM

Our study provides equipment owners, insurance companies, and law enforcement with information to guide theft-prevention efforts and allocate investigative resources. The study puts the information into context through footnotes, analyses, and conclusions that relate to the protection, investigation, and recovery of heavy equipment.

As in the past, the 2012 report seeks to answer key questions: Who steals heavy equipment, and how do they do it? How much and what types of equipment do they steal? Where do they steal equipment from, and where does it go?

DATA SOURCES

The NICB has access to all the data in the NCIC vehicle theft file, and it maintains a mirror image of that file. The FBI; other federal, state, local, and foreign criminal justice agencies; and authorized courts submit data on stolen vehicles, stolen vehicle parts, and mobile off-road equipment and components. The NICB uses the data to assist insurance companies in recovering stolen vehicles and mobile off-road equipment.

Since 2001, NER has developed databases of heavy-equipment ownership and theft information. Owners and law enforcement agencies report thefts directly to NER's database through its website. Insurers report thefts through ISO ClaimSearch, the insurance industry's all claims database. Through an alliance with the American Rental Association (ARA), NER can capture loss and ownership data from many of the world's largest rental fleets and hundreds of smaller fleets.

Although statistics can't reveal all underlying reasons for the high level of equipment theft, we can draw conclusions from trends and the daily contact that NER staff members have with theft victims, insurers, and law enforcement.

PRESENTATION AND ANALYSIS

We've presented each set of data in graphs or tables to allow easy comparison and to highlight trends. Notes explain data sources and gathering techniques. Analyses discuss the relative importance of the factors that affect each set of results. We provide additional commentary where results suggest a particular action or response.

Theft by State

Top Ten States for Equipment Theft in 2012

Rank	State	Thefts
1	Texas	1,401
2	North Carolina	1,037
3	Florida	890
4	California	686
5 (tie)	Georgia	595
5 (tie)	South Carolina	595
7	Tennessee	474
8	Oklahoma	358
9	Missouri	319
10	Ohio	308

The top four states account for 37% of all thefts.

The top ten states account for 61% of all thefts.

NOTES

1. Although equipment thefts occurred in every state, the top four states accounted for 37% of the total number of thefts in 2012. In 2011, the top five states accounted for 43%.
2. The table represents 10,925 equipment theft reports captured by NCIC during 2012.

ANALYSIS

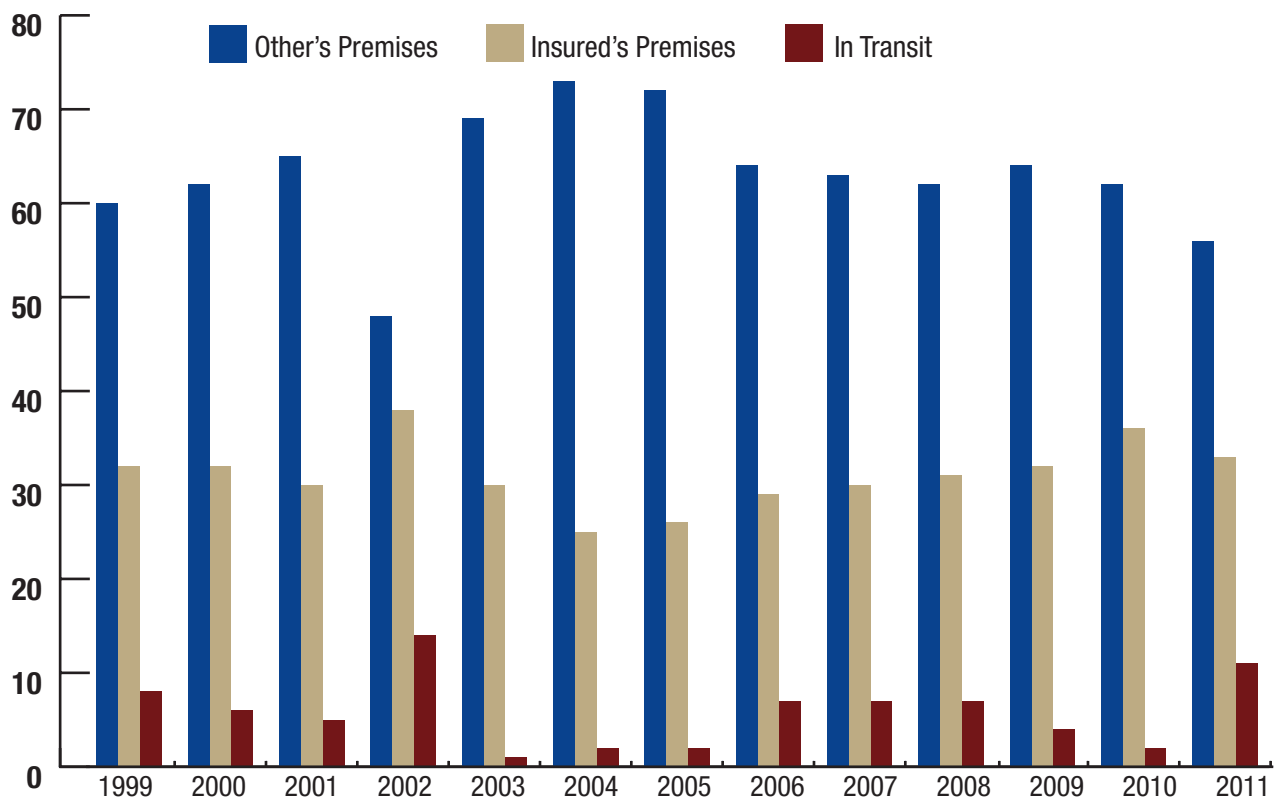
1. Theft levels closely correspond to the amount of equipment in a particular area. In other words, the states with the highest volume of construction and agriculture — and therefore the most machinery — have the largest number of thefts.
2. Organized theft rings are likely to develop in areas with a high concentration of equipment and a large number of potential buyers of used equipment, stolen or otherwise. Higher loss ratios for insurers in certain areas reflect that development.
3. Ohio is a new entrant to the list this year. Its introduction to the group could possibly be attributed to a recent boom in the natural gas mining industry in the state. A lot of equipment was concentrated in these areas and may have been attractive to thieves.

COMMENT

Sometimes theft hot spots emerge when an organized group of thieves and fences is working in a particular area. NER's regional theft-trend alerts highlight such activity. Detecting and thwarting those groups often coincide with a noticeable drop in theft rates. Documented recoveries illustrate that correlation. Some examples are in the "Case Studies" section.

Theft by Type of Location

The graph below shows insured losses by the type of location of the theft:



NOTES

1. Losses by type of location of theft are displayed as a percentage of all claims.
2. Source is ISO Inland Marine Circular, Contractors Equipment, All Classes.

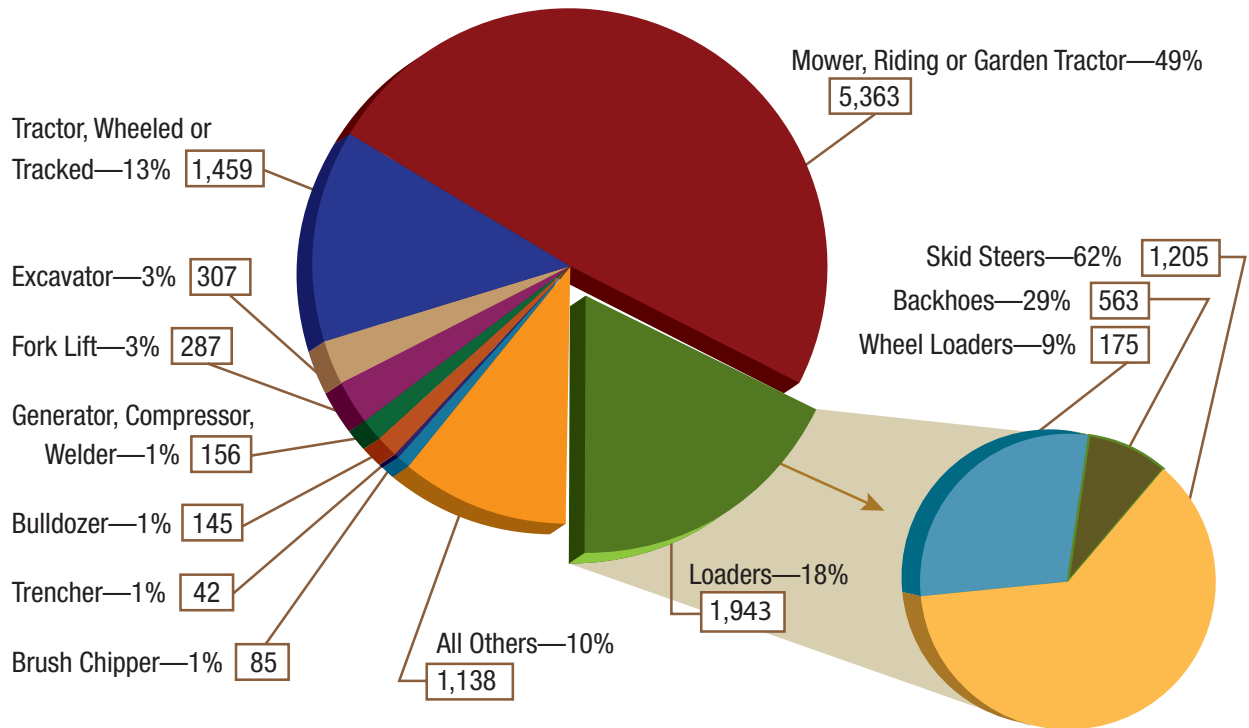
ANALYSIS

With regard to theft by type of location, two factors should be considered: the location where the equipment spends the most time and the level of security at each type of location. Most often, equipment is on a work site, labeled on the graph as “Other’s Premises.” Those work sites usually have lower levels of physical security than an “Insured’s Premises,” which is often a fenced-in compound.

COMMENT

It’s not enough to focus solely on the security of premises and work sites. Equipment users should secure machines, even if they can do so only temporarily. For example, a user could surround mobile equipment with hard-to-move objects when the equipment is not in use.

Types of Equipment Stolen



NOTES

1. The chart represents 10,925 theft reports submitted to NCIC in 2012.
2. The inclusion of landscaping equipment—mainly commercial riding mowers—reduces the percentage of all other categories.
3. The top five types of equipment account for 86% of all losses. In 2011, the top five represented 83% of all thefts.
4. “Tractor” is a broad category, including compact, utility, and agricultural tractors.
5. More than 50 types of equipment make up the “All Other” category. They include graders, scrapers, wood chippers, and rollers. Unidentified construction and farm equipment represent the majority (more than 500) of the “All Other” category.

ANALYSIS

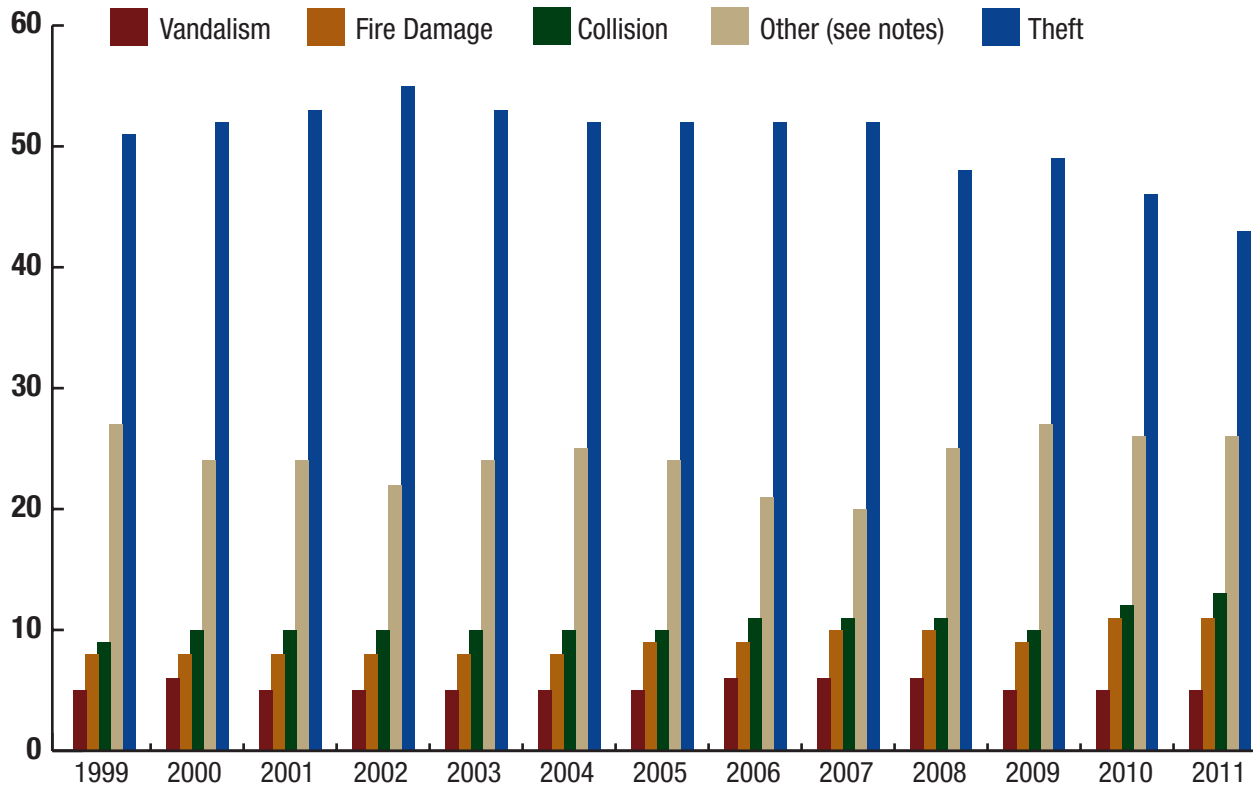
1. Two key factors determine the type of equipment that thieves are most likely to steal: value and mobility. Value is the primary factor, except for items too large to move on a small trailer. For instance, large bulldozers are valuable but seldom stolen, as they are difficult to move.
2. Another factor to consider is the number of each type of equipment in circulation. For example, skid steer loaders account for more than 30 percent of new construction equipment sold in the United States in the last five years.
3. Dozers and wheel loaders are the most valuable types of equipment in the top ten, but backhoes and skid steers are easier to transport. Therefore, the latter group represents a greater percentage of thefts.
4. The types of high-value equipment reported stolen frequently are wheeled machines, such as wheel loaders.

COMMENT

Equipment owners should consider mobility of equipment, as well as value, when planning security efforts.

Frequency of Theft

Compared with Other Risks



NOTES

1. Frequency of risk is displayed as a percentage of all claims.
2. Source is ISO Inland Marine Circular, Contractors Equipment, All Classes.
3. We base the figures on frequency, not value. Theft still tops the list by value, although by a smaller margin.
4. "Other" includes claims involving windstorm, hail, water damage, flood, volcanic action, and earthquake.

COMMENT

Theft is the most frequent cause of loss, but it is also the type of loss that good prevention most dramatically affects. In other words, the level of risk varies greatly between equipment owners who take certain precautions and those who do not. Equipment owners can reduce the likelihood of theft and improve the chances of recovery by taking simple preventive steps that are both cost-effective and measurable.

Theft by Manufacturer

Manufacturer	Thefts
John Deere	2,362
Kubota Tractor Corp.	837
Bobcat	689
Caterpillar	660
Toro	370
Case	308
Craftsman	284
Exmark	274
Husqvarna	263
Cub Cadet Corp.	260

NOTES

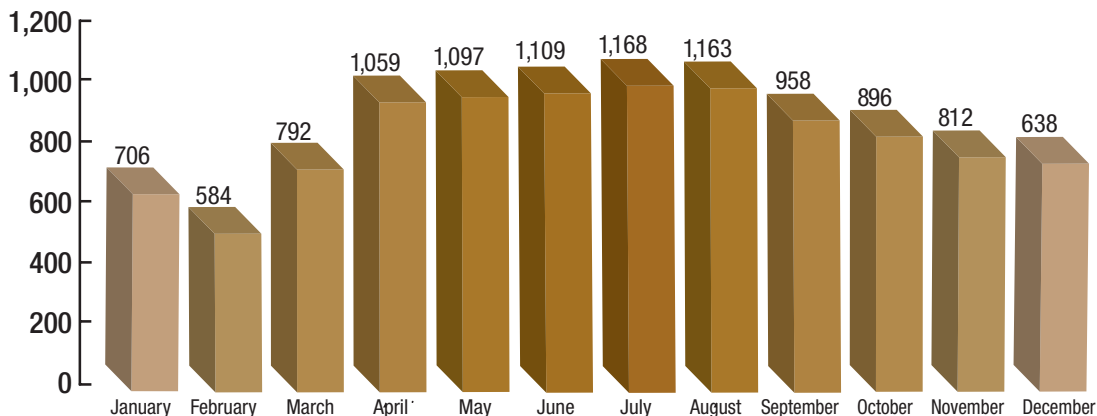
1. Source is the total number of thefts reported to NCIC during 2012.

ANALYSIS

1. While all makes of off-road equipment have little or no standard equipment security, the manufacturers on the above list make the most compact, and thus most easily stolen, equipment. The list does not necessarily follow the entire market share of all heavy equipment manufactured.
2. If two pieces of equipment are equally easy to steal, a thief is more likely to steal the machine of greater value. Age, condition, and brand determine a machine's perceived value.
3. New results will emerge as manufacturers register sales with NER, work closely with NICB investigators, and include additional security measures as standard features.

Theft by Month

The graph below illustrates equipment losses by the month the theft was reported.



ANALYSIS

Theft levels closely correspond with peak construction periods. In other words, the months with the highest volume of theft are the ones that have increased equipment activity due to cooperative weather, longer days, and the end of a crop growth cycle. As equipment owners move items between jobsites and fields, there are greater risks, exposures, and opportunities for theft. There is an additional likelihood that thefts may go unnoticed for a longer period of time than when equipment is stolen from an owner's yard.

Model Year of Equipment Stolen

Equipment produced in the last ten years accounted for 74 percent of thefts reported to NCIC in 2012. Forty-eight percent of thefts reported in 2012 were machines manufactured in the last five years. The table lists the top ten years of manufacture for machines stolen in 2012:

Year	Amount
2012	1907
2011	1138
2010	900
2007	746
2006	697
2008	661
2009	614
2005	605
2004	468
2000	411

NOTES

1. Source is the total number of thefts reported to NCIC during 2012.
2. Each piece of equipment manufactured in 2012 faced potential theft for only part of the year— from the date sold to December 31.
3. Results may be skewed slightly because owners often misstate the date of manufacture. For example, a buyer may list a 2011 model purchased in 2012 as a 2012 model.

ANALYSIS

The newer a piece of equipment, the more likely it is that someone will steal it. If given the choice between two similar machines, a thief will choose the newer, more valuable machine, because they are equally easy to steal. Those results are in stark contrast to larger trends in automobile theft, where older models account for more stolen cars. Newer cars carry more sophisticated antitheft technology. Heavy-equipment design, however, emphasizes productivity instead of security. The necessity for multiple operators leads to little or no antitheft technology. Many heavy-equipment manufacturers installed as few security features on 2012 models as they did on 1980 models.

Top 10 Cities for Equipment Theft

City	State	Thefts
HOUSTON	TX	163
MIAMI	FL	107
CONROE	TX	83
OKLAHOMA CITY	OK	79
FRESNO	CA	64
DECATUR	GA	63
WEST PALM BEACH	FL	61
SAN ANTONIO	TX	56
KNOXVILLE	TN	55
LAKE CHARLES	LA	52

NOTES

1. Source is the total number of thefts reported to NCIC during 2012.
2. Nine of the top ten cities are in the top ten states for theft.

ANALYSIS

It is not surprising that cities with the greatest number of thefts are often located in states that rank among the top ten for theft. The cities tend to be in states that are near the southern border, possess a major port, are experiencing construction booms, or possess all of these characteristics.

Theft by Census Population

Core Base Statistical Area (CBSA)	2010 US Census Population	2012 Thefts	Theft Rate per 10,000 Inhabitants
Walterboro, SC	38,892	21	5.40
Lebanon, MO	35,571	19	5.34
Orangeburg, SC	92,501	44	4.76
Tuskegee, AL	21,452	9	4.20
Albemarle, NC	60,585	24	3.96
Mount Airy, NC	73,673	26	3.53
Rockingham, NC	46,639	16	3.43
Searcy, AR	77,076	26	3.37
Bogalusa, LA	47,168	15	3.18
Williston, ND	22,398	7	3.13

NOTES

1. Sources are the total number of thefts reported to NCIC during 2012 and the 2010 U.S. Census report.
2. The term "Core Based Statistical Area" (CBSA) is a collective term for both metro and micro areas. A metro area contains a core urban area population of 50,000 or greater, and a micro area contains a core urban population of at least 10,000 but less than 50,000. Each metro or micro area consists of one or more counties and includes the counties containing the core urban area, as well as any adjacent counties that have a high degree of social and economic integration (as measured by commuting to work) with the urban core.

ANALYSIS

It is not surprising that most of the areas with the highest rates of theft per 1,000 inhabitants are located in the states with the highest numbers of thefts in 2012. What is surprising is that none of the regions in the top ten has a population greater than 100,000. Although the population is small in these regions, more thefts occur per person than in the larger metropolitan areas. The relatively high rate of theft by population in these regions indicates that equipment owners should not be lax with security no matter how remote or loosely populated an area may be. In fact, the data suggests that equipment owners and dealers should be more concerned about equipment theft in regions with smaller populations.

The Cost of Equipment Theft

At present, there is no centralized, accurate, or exhaustive database that includes every loss. NER examines detailed theft reports from a specific area that accurately reports theft — such as a fleet, industry, or region — to make assumptions and develop trends. Then we apply those trends to the entire market share of that specific area to build a national figure. Annual estimates of the cost of equipment theft vary from about \$300 million to \$1 billion, with most estimates in the range of \$400 million.

NOTES

1. The estimates don't include the theft of tools or building materials or damage to equipment and premises caused during a theft.
2. The estimates don't include losses from business interruption. Those losses include the cost of rentals, project-delay penalties, and wasted workforce and management time.

ANALYSIS

Several factors contribute to the high level of equipment theft:

- The value of heavy equipment*
- Poor equipment and site security
- Opportunities to sell stolen equipment in the used-equipment market
- Low risk of detection and arrest
- Lenient penalties for thieves if prosecuted and convicted

*The average estimated value of a stolen piece of equipment is \$17,400.

Recovery Rates

Low recovery rates make it difficult to draw concrete conclusions from recovery statistics alone. By including information from investigations, such as those in the “Case Studies” section, we can gain an idea of how equipment is stolen, where it goes, and who steals it. The NICB compiled 10,925 reports of stolen machines in 2012. Conversely, in 2012, the NICB reported 2,204 recoveries of equipment listed in the NCIC active theft file. The file includes all active thefts recovered in 2012.



Only 20 percent of stolen equipment was recovered in 2012.

NOTES

1. Of the 10,925 reported equipment thefts in 2012, NCIC reported 2,204 recoveries.
2. The recovery rate does not reflect pieces of equipment that law enforcement recovered but did not mark as recovered.
3. The recovery rate does not reflect unreported thefts.

ANALYSIS

Several factors contribute to the low recovery rate of stolen equipment. They are as follows:

- Delays in discovery and reporting of theft
- Inaccurate or nonexistent owner records
- Lack of pre-purchase screening of used equipment
- Limited law enforcement resources dedicated to equipment investigations
- Complexities in equipment numbering systems
- Limited, possibly inaccurate, equipment information in law enforcement systems
- NCIC equipment information reporting errors, in which equipment is erroneously added to the “article file” rather than the “vehicle file”

COMMENT

The area that needs the most improvement is also the area that promises immediate results: making accurate information available to law enforcement 24 hours a day through NER and the NICB. At a minimum, equipment owners should keep accurate lists of equipment with PIN/serial numbers and submit them to law enforcement, their insurers, and NER as soon they discover a theft. When they purchase equipment, owners should register serial numbers in the NER database, so that the information is available to law enforcement 24 hours a day. In the event of a theft, law enforcement can identify the equipment, even during weekends or at night.

Recovery by State

Top Ten States for Equipment Recovery

State	Recoveries
California	283
Texas	248
Florida	163
North Carolina	144
Georgia	77
Ohio	59
Oklahoma	59
Tennessee	59
Missouri	59
Illinois	58
South Carolina	58

The top ten states account for 55% of recoveries.

NOTES

1. In 2012, law enforcement recovered most machines in the same state where they were stolen.
2. The bigger the state and the more demand for equipment within that state, the lower the chance that the equipment will leave the state.
3. If thieves do not sell equipment quickly in the local vicinity, there is a greater chance they will move equipment out of state, especially as more time passes from the date of the theft.
4. Law enforcement is less likely to recover equipment when thieves move it far away, especially out of state. Therefore, more stolen equipment may be moving out of state.
5. South Carolina ties with Illinois for tenth place with 58 recoveries.

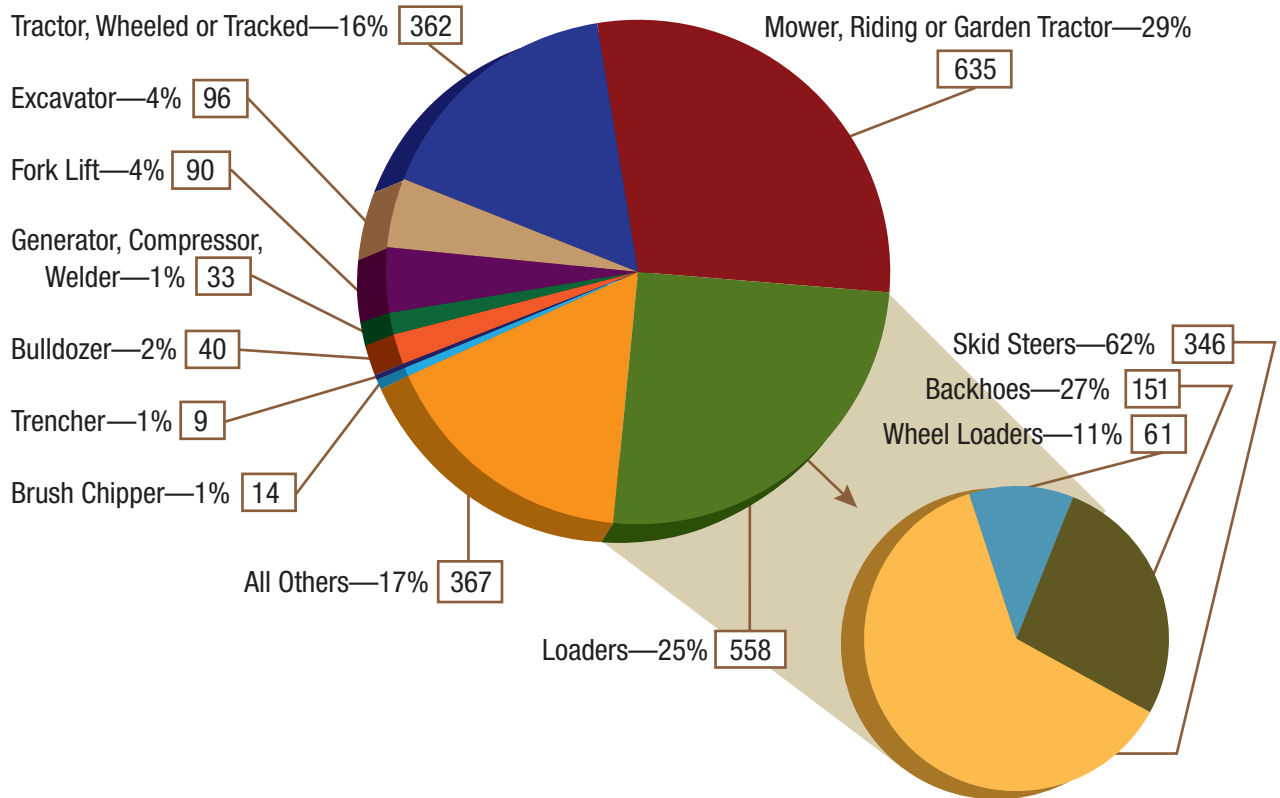
ANALYSIS

1. Lack of screening in the used-equipment market bolsters thieves' confidence. They feel safe selling equipment in neighboring states or even as close as neighboring counties.
2. Recoveries made at ports and borders prove that thieves do export stolen equipment; however, selling stolen equipment within the United States is easy, so the cost of export is worthwhile only when thieves can raise prices abroad or when they steal equipment close to a border.

COMMENT

In the fight against equipment theft, it is important to act both locally (for example, by circulating theft reports) and nationally (for example, by submitting data to national databases). A key component in the fight is to make it harder for thieves to sell stolen equipment. Buyers of used equipment should check machines at www.IRONcheck.com before buying.

Types of Equipment Recovered



NOTES

1. The “Loader” category includes all subclasses: front-end, tracked, wheeled, skid steer, and backhoe.
2. The “Excavator” category includes both full-size and compact or mini-excavators.

ANALYSIS

The types of equipment recovered most are usually the types of equipment stolen most. The gap between theft and recovery narrows as NICB training encourages law enforcement to look more closely at the machines stolen more frequently.

Recovery by Manufacturer

Manufacturer	Recoveries
John Deere	479
Caterpillar	200
Kubota Tractor Corp.	178
Melroe Div.	172
Case	97
New Holland	53
Toro	44
Husqvarna	35
Ford	34
Exmark	34

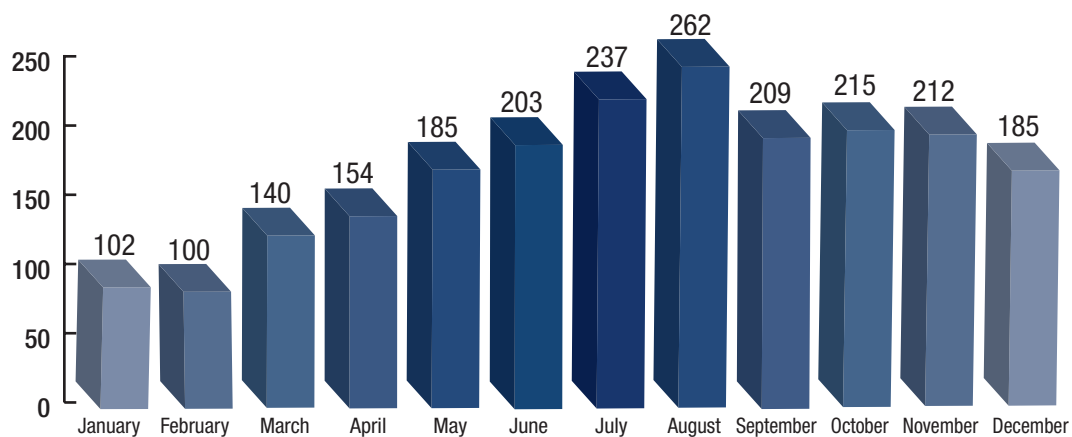
NOTE

1. Source is the total number of recoveries of equipment stolen in 2012.

ANALYSIS

The top five manufacturers account for 54 percent of all recoveries. The make of recovered equipment closely mirror the make of stolen equipment.

Recovery by Month



NOTE

1. Source is the total number of recoveries of equipment stolen in 2012.

ANALYSIS

As the busy construction and farming season slows and jobs near completion, jobsites become safer and more accessible to law enforcement. Larger equipment is generally idle at this point, and even smaller units begin to sit for longer periods as finishing work is done. It is not uncommon for contractors using stolen equipment to abandon it or leave it behind at the end of a job, as maintenance and storage may be more costly than stealing a new machine next year.

Model Year of Equipment Recovered

Year	Recoveries
2012	352
2011	219
2010	153
2007	151
2006	147
2008	141
2005	126
2009	112
2000	94
2004	82

NOTES

1. Source is the total number of recoveries of equipment stolen in 2012. Each piece of equipment manufactured in 2012 faced potential theft for only part of the year, from the date sold to December 31.
2. Results may be skewed slightly because owners often misstate the date of manufacture. For example, a buyer may list a 2011 model purchased in 2012 as a 2012 model.

ANALYSIS

Newer equipment draws more attention from both law enforcement and thieves. It is not uncommon for older equipment to sit unused in lots or yards, but newer equipment is more likely to be noticed as out-of-place by officers.

Top 10 Cities for Equipment Recovery

City	State	Recoveries
HOUSTON	TX	34
FRESNO	CA	32
MIAMI	FL	27
RALEIGH	NC	17
SAN ANTONIO	TX	16
BAKERSFIELD	CA	15
SAN BERNARDINO	CA	13
SACRAMENTO	CA	13
RIVERSIDE	CA	12
OKLAHOMA CITY	OK	12

NOTES

1. Source is the total number of equipment stolen in 2012.
2. All of the top ten cities for recovery are in the top ten states for theft.
3. If a thief does not sell the equipment immediately in the local area, there is a greater likelihood that, as more time passes, the thief will move equipment out of state and sell it to a purchaser who seems to have no knowledge of the theft.
4. Riverside, CA and Oklahoma City, OK tied for 9th place with twelve recoveries each

ANALYSIS

Recoveries tend to be localized near high theft areas, suggesting that a good deal of stolen equipment doesn't move far. This may be due to the rules of supply and demand: where there is equipment to steal, there are machines that are needed. Unfortunately, not all high theft areas have high recoveries. Areas with proper funding, training, and dedicated heavy equipment taskforces have much higher recovery rates. It is interesting to note California's significant presence on this list. This state's mandatory statewide registration programs provide law enforcement with many opportunities to access equipment and, therefore, make recoveries.

Key Statistics

The following numbers give a snapshot of NER and NICB operations as of December 31, 2012:

20,001,036 Number of ownership records

\$8,261,379 Value of items recovered by law enforcement with the help of NICB and NER in 2012

\$27,265 Average value of machines recovered by police with NICB and NER assistance

108,681 Theft reports in NER database

11,593 Fleets with equipment registered with NER

4,580 Law enforcement officers trained by NICB on heavy-equipment investigations in 2012

382 Attendees at FBI-LEEDA/NER/NICB Regional Equipment-Theft Summits in 2012
(see note 1)

302 Recoveries made by law enforcement with the help of NICB and NER in 2012

26 States in which the NICB conducted training in 2012

20 Number of insurance companies offering incentives to register equipment on NER's database

4 Number of top ten equipment rental companies that are NER clients

NOTE

1. There were four Regional Equipment Theft Summits in 2012—in Miami Gardens, FL, Wichita, KS, Tacoma, WA, and San Diego, CA.

2012 Case Studies

Law enforcement collaboration leads to huge recovery

In September of 2012, a detective from the Cortland Police Department contacted the NICB and the Ohio State Highway Patrol's Vehicle Theft Unit requesting assistance in the identification and ownership of several pieces of heavy equipment abandoned at a jobsite by the owner of a construction company in Ohio. This collaboration resulted in the immediate recovery of three stolen machines valued at more than \$500,000.

A local detective, state trooper, and NICB special agent interviewed the company owner and developed additional leads. Officers from the Ohio State Highway Patrol, the NICB, and the Cortland, Goshen Township, and Hubbard Township police departments searched another jobsite where they recovered four more stolen machines and developed additional leads.

With the assistance of the Ohio Highway Patrol's aviation section, a Ohio State Patrol Sergeant observed a third suspicious location. A search warrant for this property resulted in the recovery of 33 stolen machines, trailers, cargo containers, and equipment attachments. Two additional machines were recovered by the Salem and Lordstown Police Departments.

Investigators collected 111 pieces of evidence and interviewed 17 witnesses and victims during the course of the investigation. Many of the recovered pieces of heavy equipment had their serial numbers removed or altered. The investigative team worked closely with NICB to positively identify the heavy equipment, trailers, and stolen articles that were recovered.

Trumbull County Prosecutor's Office has filed a Bill of Information against the suspect, who has pleaded guilty and is currently awaiting sentencing. ■

Pawn Shop Discovery

NICB received information from Caterpillar Security regarding the possible location of a stolen 2005 Caterpillar Mini Excavator. An NICB special agent reviewed the lead and found the excavator was stolen along with a commercial trailer. The trailer was previously recovered by the Tucson Police Department—at that time a person of interest was identified, but no follow up investigation was done. The lead information was provided to a detective in the AZDPS Rattler Taskforce who responded and located the mini excavator at a pawn shop in Tucson, Arizona. Investigators discovered that the person who pawned the excavator was also in possession of the trailer. The excavator was pawned for \$3000 with a fraudulent bill of sale; the pawn shop was attempting to sell it for \$15,000. Its estimated value is \$21,000. Investigation is ongoing. ■

An IRONcheck Recovery

In November 2012, an IRONcheck equipment history request prompted an investigation that led to the recovery of a stolen machine.

An NER client requested information about a Case backhoe worth over \$10,000. While conducting the history search on the unit, the NER analyst found a theft record that indicated that the unit had been stolen. The record lacked a complete detail about the theft, so the analyst contacted the insurance company listed on the theft record.

In the mean time, the analyst also contacted NICB to see if they had a listed record for the unit. The NICB agent communicated that there was no stolen unit record in their system. Shortly after this, the insurance agent contacted NER with information that the unit had been stolen in 2002 and the claim had been paid by the insurance company. The NER analyst then advised NICB that the unit was indeed stolen and should be recovered.

NICB conducted an investigation and the unit was subsequently recovered. ■

Summary

Although complete statistics do not exist, it is clear from available data that equipment theft is a serious problem. Estimates derived from data in this year's report suggest the total value of stolen equipment in 2012 is close to \$300 million. Those numbers do not include losses from business interruption, such as short-term rental costs, project-delay penalties, and wasted workforce and management time. By frequency of loss, theft is a greater problem than any other type of equipment risk.

Equipment-theft levels coincide with the amount of equipment in a particular area. The states with the highest volume of construction and agriculture report the largest number of thefts.

Mobility and value of equipment are the lead contributors to theft. Most thefts are from work sites with little or no security. Given two similar types of machines, a thief will steal the newer one because it is more valuable. In contrast to the automobile industry, there is little difference in equipment security between a new machine and one made several years ago.

Law enforcement recovers as little as 20 percent of stolen equipment. Recovery locations and types closely mirror theft locations and types.

Conclusion

Equipment owners and insurers should increase risk-management for easily transportable, high-value equipment.

Both equipment security and work-site security are necessary to prevent theft. Work-site security is especially critical because equipment often sits in areas with little or no physical security.

Officers investigating equipment theft should focus on popular targets and look for red flags, such as unusual location, type of transport, missing decals, altered paint, and especially missing identification plates.

The area that needs the most improvement is also the area that promises immediate results: supplying accurate information to law enforcement 24 hours a day through NER and the NICB.



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