



# 2013 THEFT REPORT

**NICB**<sup>®</sup>  
NATIONAL INSURANCE CRIME BUREAU

**NER**  
NATIONAL EQUIPMENT REGISTER

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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.

Our alliance ensures that NER will continue to provide, manage, and expand its database of insurer-supplied theft reports and information about manufacturers, owners, and damaged equipment. NICB will extend the reach and value of that information through its nationwide network of special agents, who are trained in heavy-equipment theft and available to respond to law enforcement calls for investigative assistance or identification requests.

Better ownership documentation, accurate equipment identification, proper reporting, and greater site security will continue to increase the ability of law enforcement to combat equipment theft. Awareness, education, and training are key components of an overall fraud-prevention plan that may lead to immediate economic benefits for contractors, owners, and insurers.

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 2013 and information reported to ISO ClaimSearch.<sup>®</sup> 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 2013 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 and other federal, state, local, and foreign criminal justice agencies as well as 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	1,494
2	North Carolina	913
3	Florida	892
4	California	734
5	South Carolina	691
6	Georgia	609
7	Tennessee	526
8	Oklahoma	525
9	Alabama	398
10	Arkansas	358

**The top five states account for 41% of all thefts.**

**The top ten states account for 62% of all thefts.**

## NOTES

1. Although equipment thefts occurred in every state, the top five states accounted for 41% of the total number of thefts in 2013. In 2012, the top four states accounted for 37%.
2. The table represents 11,486 equipment theft reports captured by NCIC during 2013.

## ANALYSIS

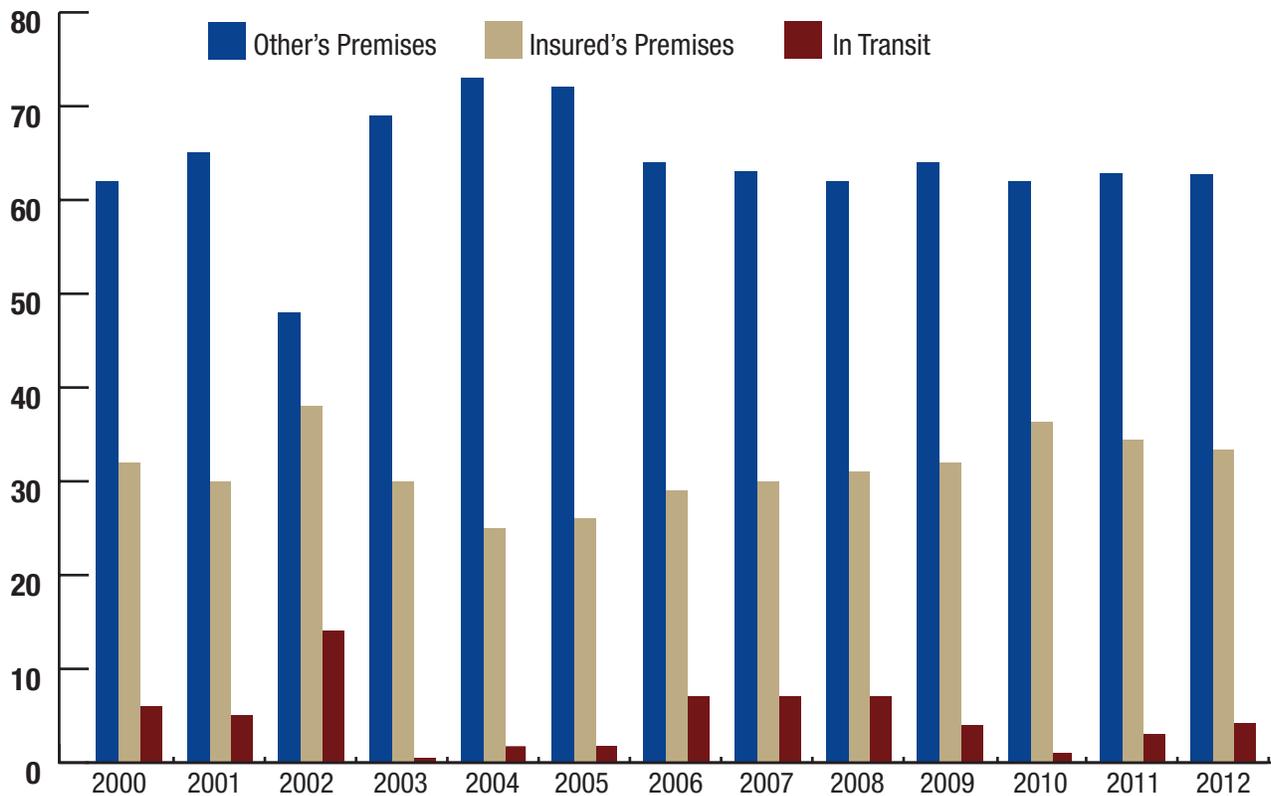
1. Theft levels closely correspond to the amount of equipment in a particular area. In other words, the states with the highest volume of construction and agriculture — and therefore the most machinery — have the largest number of thefts.
2. Organized theft rings are likely to develop in areas with a 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.

## 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.

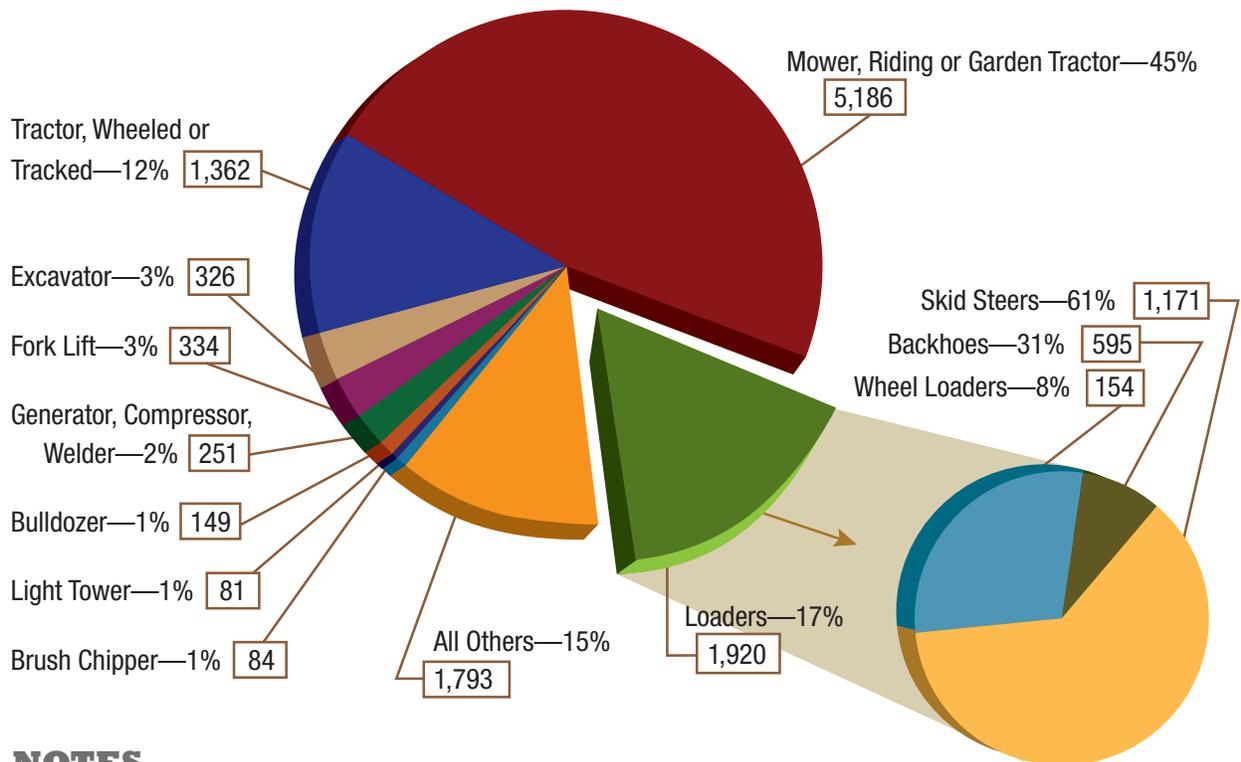
## ANALYSIS

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 11,486 theft reports submitted to NCIC in 2013.
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 79% of all losses. In 2012, the top five represented 86% 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 900) of the “All Other” category.

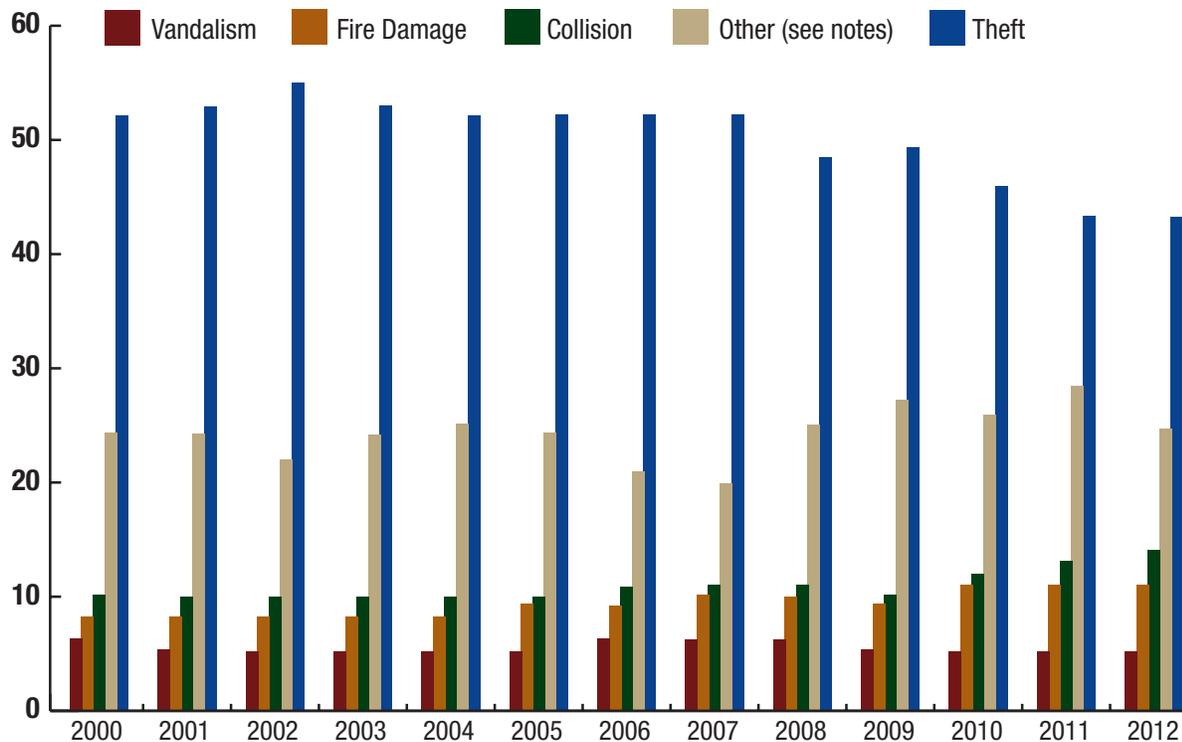
## ANALYSIS

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	2,445
Kubota Tractor Corp.	1,025
Bobcat	721
Caterpillar	679
Toro	364
Case	308
Husqvarna	306
Craftsman	280
Exmark	275
Cub Cadet Corp.	260

## NOTES

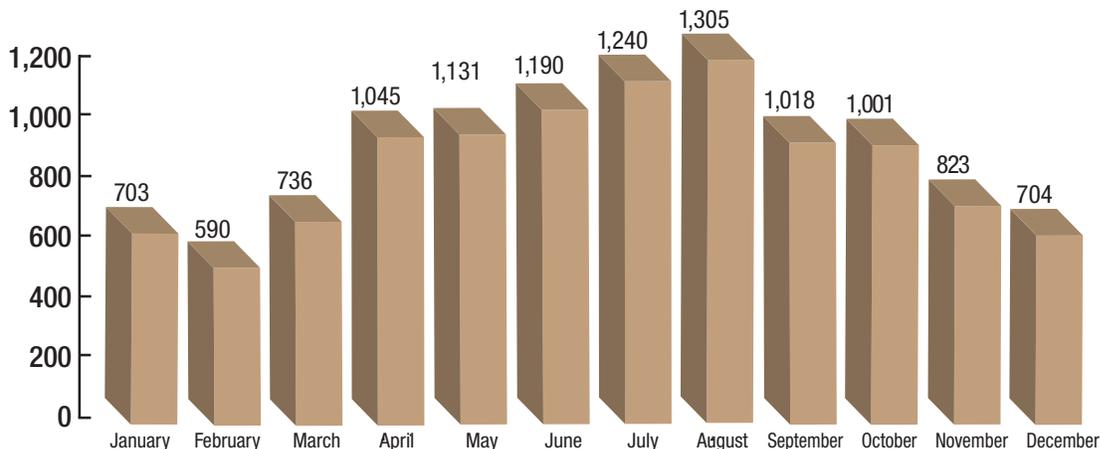
1. Source is the total number of thefts reported to NCIC during 2013.

## 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 2013. Forty-eight percent of thefts reported in 2013 were machines manufactured in the last five years. The table lists the top ten years of manufacture for machines stolen in 2013:

Year	Amount
2013	1,806
2012	1,411
2010	880
2011	873
2007	686
2008	636
2005	616
2006	606
2009	505
2004	442

## NOTES

1. Source is the total number of thefts reported to NCIC during 2013.
2. Each piece of equipment manufactured in 2013 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 2012 model purchased in 2013 as a 2013 model.

## ANALYSIS

The newer a piece of equipment, the more likely it is to be stolen. 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	199
Oklahoma City	OK	111
San Antonio	TX	82
Miami	FL	77
West Palm Beach	FL	72
Conroe	TX	65
San Diego	CA	65
Charlotte	NC	64
Tacoma	WA	59
Orlando	FL	56

## NOTES

1. Source is the total number of thefts reported to NCIC during 2013.
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)	2013 U.S. Census Population Estimate	2013 Thefts	HE Theft Rate per 10,000 Inhabitants
Orangeburg, SC	90,942	44	4.84
Marshall, MO	23,252	9	3.87
Thomasville, GA	44,869	16	3.57
Moultrie, GA	46,275	16	3.46
Williston, ND	29,595	10	3.38
Hot Springs, AR	97,173	30	3.09
Vicksburg, MS	57,471	17	2.96
Shawnee, OK	71,158	21	2.95
Kinston, NC	58,914	17	2.89

## NOTES

1. Sources are the total number of thefts reported to NCIC during 2013 and the 2013 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 10,000 inhabitants are located in the states with the highest numbers of thefts in 2013. 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.

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## 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 11,486 reports of stolen machines in 2013. Conversely, in 2013, the NICB reported 2,465 recoveries of equipment listed in the NCIC active theft file. The file includes all active thefts recovered in 2013.



**Only 21 percent of stolen equipment was recovered in 2013.**

## NOTES

1. Of the 11,486 reported equipment thefts in 2013, NCIC reported 2,465 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
Texas	330
California	302
Florida	179
North Carolina	119
Georgia	100
South Carolina	83
Ohio	81
Tennessee	79
Missouri	78
Oklahoma	72

**The top ten states account for 58% of recoveries.**

## NOTES

1. In 2013, law enforcement recovered most machines in the same state from which 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.

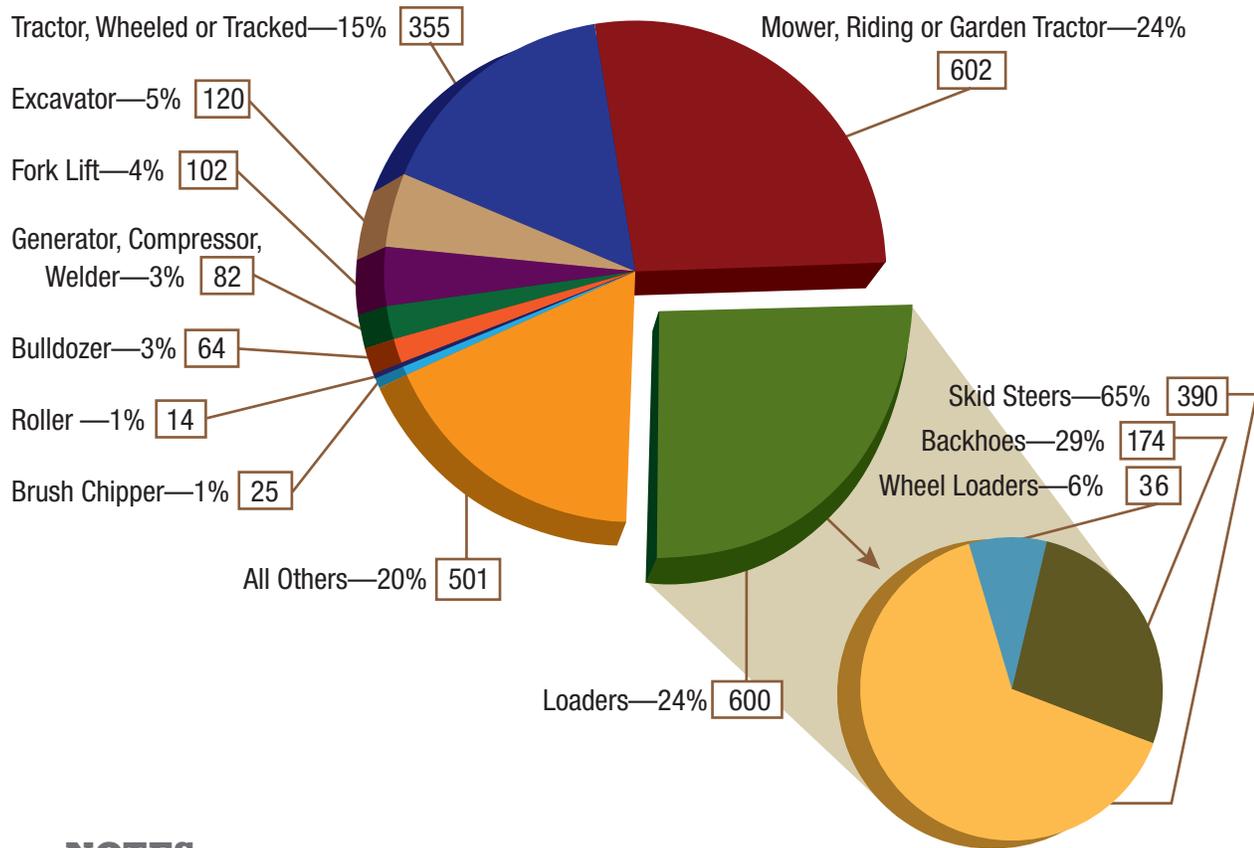
## ANALYSIS

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](http://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	503
Caterpillar	247
Bobcat	224
Kubota	210
Case	91
Toro	46
Husqvarna	39
New Holland	38
Cub Cadet	34
International	33

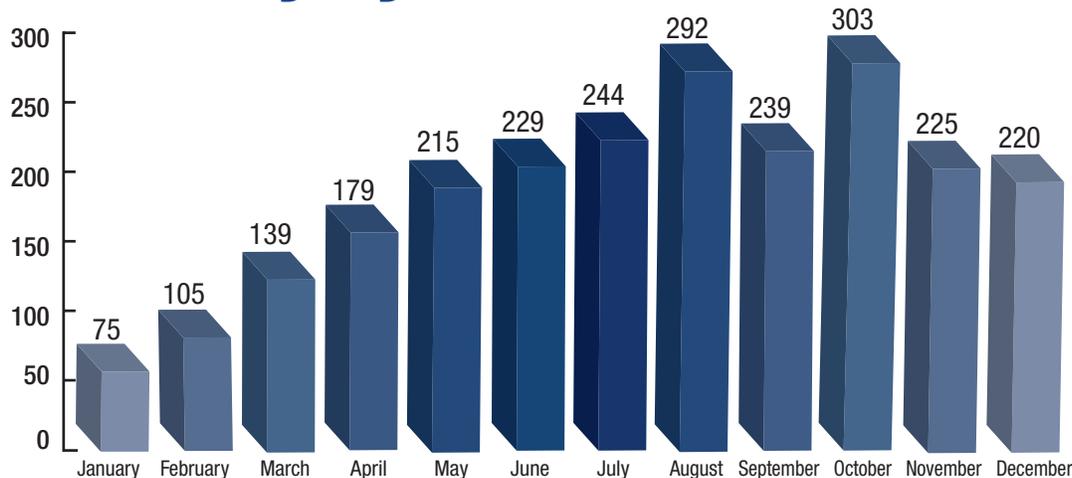
## NOTE

1. Source is the total number of recoveries of equipment stolen in 2013.

## ANALYSIS

The top five manufacturers account for 52 percent of all recoveries. The make of recovered equipment closely mirrors the make of stolen equipment.

# Recovery by Month



## NOTE

1. Source is the total number of recoveries of equipment stolen in 2013.

## 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
2013	344
2012	316
2011	176
2007	160
2010	159
2005	151
2006	141
2008	135
2004	103
2000	80

## NOTES

1. Source is the total number of recoveries of equipment stolen in 2013. Each piece of equipment manufactured in 2013 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 2010 model purchased in 2011 as a 2011 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	59
San Diego	CA	34
Miami	FL	28
Bakersfield	CA	25
San Antonio	TX	15
San Bernardino	CA	15
Oklahoma City	OK	12
Anderson	SC	12
Los Angeles	CA	12
Louisville	KY	11
Stockton	CA	11
Fort Lauderdale	FL	11
Riverside	CA	11

## NOTES

1. Source is the total number of equipment stolen in 2013.
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. Louisville, KY, Stockton, CA, Fort Lauderdale, FL and Riverside, CA tied for 10th place with eleven 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, 2013:

**21,432,835** Number of ownership records

**\$9,764,536** Value of items recovered by law enforcement with the help of NICB and NER in 2013

**\$27,123** Average value of machines recovered by police with NICB and NER assistance

**110,197** Theft reports in NER database

**11,908** Fleets with equipment registered with NER

**4,993** Law enforcement officers trained by NICB on heavy-equipment investigations in 2013

**360** Attendees at FBI-LEEDA/NER/NICB Regional Equipment-Theft Summits in 2013

**302** Recoveries made by law enforcement with the help of NICB and NER in 2013

**25** States in which the NICB conducted training in 2013

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

# 2013 Case Studies

## Emissions Record Leads to Recovery

In May, 2013, NER received a phone call from a detective with the Kern County Sheriff's office asking for help in identifying a stolen Gradall G6-42P Telehandler. The detective was unable to confirm that the equipment was stolen through the National Crime Information Center (NCIC). However, NER had a direct registration record for the Gradall which showed it was originally owned by a rental company that went out of business several years ago. No records were readily available indicating how the assets were liquidated.

Upon further examination, the detective noted that the machine had an owner applied number (OAN) stenciled on its side. The NER analyst assisting the detective believed the supposed OAN was actually a California Air Resources Board (CARB) Registration number. With this new information, NER contacted CARB and inquired about the registration. When it was determined that the CARB record on file did not match original ownership information, the detective was provided with the right contact information of the CARB registrant.

The detective contacted the registrant, who stated the machine was missing. The registrant also provided additional details, which enabled the detective to find the original loss on NCIC. ■

## NICB works with Mexican Authorities to Return Stolen Motor Grader

The National Insurance Crime Bureau (NICB) received a report in June stating that a Caterpillar 140H motor grader worth roughly \$140,000 had been located in Saltillo, Coahuila, Mexico. The motor grader was stolen in Dallas, TX in 2011.

Upon further investigation, NICB learned that the individuals in possession of the motor grader were members of the Zetas Drug Cartel. NICB agents informed the Mexican para-military police SWAT team in that area in Mexico and requested their assistance in seizing the machine.

In late September, the Public Ministry in Piedras Negras, Coahuila, Mexico, reported to the Border Auto Theft Information Center (BATIC) and the Texan Department of Safety (DPS) located in El Paso that the Caterpillar motor grader was retrieved and was in government possession.

Once the machine was secure, documentation was provided by the U.S. Consulate Office to finalize the repatriation of the Caterpillar. Even though heavy equipment is not designated in the 1983 U.S.-Mexico Revised Convention on the Repatriation of Stolen Vehicles and Aircraft, NICB's liaison and working relationship with the Mexican Federal Prosecutor's Office facilitated the repatriation of the Caterpillar. In November, the Mexican authorities released the Caterpillar to NICB agents in Piedras Negras, Mexico and moved it to Eagle Pass, TX on the same day. ■

# 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 2013 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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