

PLANT HIRERS:

# BE ALERT

## ON NEW TRENDS IN FRAUD



*Who have you just handed your plant over to?*

*Are they really who they say they are?*

**The risk of construction plant theft by fraudulent hirers has been present for some time and shows no sign of disappearing.**

Allianz has recently seen some new trends in deception and would like to bring to your attention what is happening and what you can do. Standard security and identity checks are proving less effective and criminals are becoming ever more organised and technologically advanced in outwitting you to get their hands on your plant.

#### EXAMPLE:

A criminal obtained an old passport of a director of a genuine construction company. Upon arranging the hire, they supplied falsified documentation including insurance papers and bank details of this company. The 'hirer' explained that their system was down and therefore didn't have a purchase order, but claimed it would follow. Multiple items of large plant were hired out which were delivered over a period of several consecutive days. The criminals erected signs at the delivery site to give the impression they traded from there. It was discovered weeks later that the hire was fraudulent when the genuine company was chased for payment, by which time the criminals had absconded with nearly £130k worth of plant.

## HOW THIS HAPPENS

As the police, plant owners, insurance industry, manufacturers and security companies work continually to make plant theft more difficult, thieves are moving towards targeting hire companies to fraudulently acquire plant.

#### SOME RECENT CRIMINAL ACTIVITY INCLUDES:

- obtaining and cloning details of a genuine company; sometimes an existing customer of yours. Your credit checks are therefore performed on the genuine company which are returned as satisfactory.
- setting up a new account with you but then not making any payments, or making a couple of initial payments to appear honest before absconding with plant.
- providing falsified 'evidence' of insurance or employment.
- using pre-loaded credit cards or paying in cash.
- hiring a large quantity of high-value mobile plant at once.
- changing the address of delivery whilst en route.

## WHO IT AFFECTS

**A common mistake is to think that insurers are the only ones affected by claims, but in reality, the impact often comes back to the policyholders.**

### IT'S IMPORTANT TO KNOW THAT THEFTS AFFECT:

**You** – Equipment values can exceed £100,000 which may have a catastrophic impact on your business if lost. Even if your assets are insured, there are often other implicating costs which may not be recovered from conventional insurance. If you have vital or important plant which isn't easily replaced, you may have the additional expense of hiring in equipment, or you may lose customers who require specific plant which is no longer available.

**Your customers** – If their data/details are stolen, or if they hear of other customers of yours having their details stolen, they may choose to hire elsewhere.

**Manufacturers** – Many reputable manufacturers are working to improve security and to integrate new technology for combatting theft. These additional costs could make their plant more expensive to purchase.

**Police/Plant & Agricultural National Intelligence Unit (PANIU)** – The police (and their specialist unit PANIU which assists in the identification and recovery of stolen plant) are stretched. Theft has been on the rise since early 2016<sup>1</sup> which is a further strain on resources. Due to cuts, the Metropolitan police's deputy commissioner has warned "we may have to scale back our response, ...concentrate on the biggest emergencies" and "look again at some of our specialisms" in future.<sup>2</sup>

**Hire industry** – Hire associations and forums have implemented best practice for their members to preserve industry integrity.

1 Office for National Statistics. Police recorded crime. March 2018.

2 Rawlinson, Kevin. "Scotland Yard warns of policing cuts if budget reduces officer numbers." The Guardian. 30 October 2017.

## WHAT IS ALLIANZ DOING?

Recently Allianz has seen a dramatic increase in claims where plant has been stolen by fraudulent hirers. Some claims have involved more than one item of high-value equipment stolen at one time, which have had a significant impact on the overall 'pool' of plant insurance premiums.



We are closely reviewing our plant theft claims to document loss reasons and keep track of any newly-developing trends to help our policyholders safeguard themselves and 'stay ahead' of the criminals.



We have reviewed the enquiries we ask at quotation stage and you may have to answer more questions regarding your current business requirements and procedures.



We have added an extra layer of protection to our Policy Wordings and you will see our Bona Fide Hire Condition which details steps to verify the identity and authenticity of the hirer in order for a claim to be paid.



We are actively engaging with all stakeholders including PANIU, and insurance and plant hire industry bodies, to formulate the most effective way forward. As this evolves, we will share our findings and solutions through knowledge share and education to help you better protect yourself from becoming a victim.



## WHAT YOU CAN DO

### You are the first line of defence in preventing a fraudulent hire.

The additional steps below could help:

- be wary of urgent hires. Scrutinise if plant performs different jobs or is unusual for their trade.
- carry out more robust ID/credit checks:
  - check IDs carefully for counterfeits
  - compare details with Companies House or the legitimate company's official website
  - compare email addresses or website domains to the company's official details (.com vs .co.uk, etc.)
  - contact a representative of your existing business customer to ensure the hire is genuine
  - create a frequently-changing password to hire and/or collect
  - ask for two satisfactory trade references<sup>3</sup>
  - check the recipient's ID and vehicle details against DVLA<sup>3</sup>.
- obtain a copy of the official purchase order.
- ask for a landline phone number<sup>4</sup>.
- restrict credit/value limits or insist on payments up-front.
- compare the name on the credit card with their ID and check for the use of pre-loaded cards.
- be vigilant about delivery sites; drive past again if you have any suspicions<sup>4</sup>.
- explain to your customers that your procedures are there to protect against fraud, for the benefit of everyone. Your observable prowess could deter the dishonest.

## TAKE HEED AND PREPARE FOR A THEFT.

- Protect your equipment using integrated trackers that cannot be easily removed or shut off – CESAR scheme or Thatcham Certification. Statistics from PANIU show that CESAR-registered plant has a 21% recovery rate.<sup>5</sup>
- Retain original purchase invoices, and provide serial numbers to the police when reporting a crime. Getting serial numbers on the Police National Computer will greatly assist in recovery.
- Report the loss to your broker urgently so they can initiate the claims procedures. Be sure to include important details such as:
  - original purchase invoice, serial number, make, model and year of manufacture
  - police crime reference number and force reported to
  - evidence of all checks performed on the hirer.
- Action Fraud is the national reporting centre where you can report if you have been a victim of fraud, attempted fraud or cybercrime (your insurer cannot do this for you).

**THIS GUIDANCE IS TO HELP REDUCE THE LIKELIHOOD OF YOU BECOMING A VICTIM OF THIS TYPE OF CRIME; HOWEVER, YOU WILL NEED TO ENSURE YOU MEET ALL THE REQUIREMENTS OF YOUR INSURANCE POLICY.**

If you have any questions regarding your current insurance cover, please speak to your broker about your options.

<sup>3</sup> Construction Plant-hire Association. CPA Hires – Best Practice. May 2014.  
<sup>4</sup> CITS Plant Theft Forum, GAP Group Hire Solutions. "Avoiding Theft from your Premises Fraudulent Hires and Preventative Security Measures".  
<sup>5</sup> PANIU Quarterly Report. January–June 2018.





## USEFUL WEBSITES

Please find below a list of useful websites for support on this topic.

Please note the following websites are not endorsed or recommended by Allianz Insurance plc.

### PLANT PROTECTION, LOSS PREVENTION AND FURTHER READING



[cesarscheme.org](http://cesarscheme.org)



[thatcham.org](http://thatcham.org)



[cpa.uk.net](http://cpa.uk.net)



[companieshouse.gov.uk](http://companieshouse.gov.uk)



Recognising fraudulent IDs

[www.gov.uk](http://www.gov.uk)

### PANIU REPORTS, POLICE AND PLANT REGISTERS



[datatag.co](http://datatag.co)



[cpa.uk.net/paniu-reports](http://cpa.uk.net/paniu-reports)



[ter-europe.org](http://ter-europe.org)



[www.met.police.uk/fraud](http://www.met.police.uk/fraud)



[actionfraud.police.uk](http://actionfraud.police.uk)

#### [allianz.co.uk](http://allianz.co.uk)

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