

Equipment theft can spoil your day

by TOM SKUZA

Equipment theft and vandalism are business profit killers.

It can happen to you. Insurance industry statistics indicate that one of eight contractors will suffer a theft or vandalism claim in the next year. Theft

losses of self-propelled construction equipment is expected to exceed one billion dollars in 1997. The FBI states that one of every five contractors will suffer either theft or vandalism to their equipment in the next five years.

A theft or act of vandalism to your equipment represents

much more than the loss of your property. You lose the production that you expected from the equipment. You also spend valuable time dealing with claims adjusters. Also, you will probably be dealing with depreciation or less favorable lease terms to replace the lost piece. The profit that you expected and counted on will shrink or disappear.

Take some simple steps to decrease the likelihood of this happening to you.

▶ **Pre-project planning is essential.** This applies for jobs of all levels of cost. Review the



Tom Skuza says you can lessen your chances of being a theft victim if you protect your job site and equipment.

job with your key people. Do a pre-project inventory of all equipment necessary to complete the job. Don't take unnecessary equipment to the job. Unless you know what's really on the job site, and what comes back, how do you know when something's gone?

▶ **Secure your job site.** This includes the general public, other trades-

men and even your own employees. If possible, have employees and others park away from the job site. It's pretty easy for somebody to stick

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Playing with fire with your coverage?

by JAMES E. GUYETTE/ Contributing Editor



Schwarz: keep coverage up to date.

Eric D. Schwarz thought he had full insurance coverage on his business, Eric The Tree M.D., Franksville, WI.

He didn't. And the fire that destroyed his place of business last November revealed serious gaps in his coverage. He estimates the fire cost him \$60,000. "We're never going to get it back," he says.

There are two theories about the cause of the fire that leveled the shingle-roofed pole barn. It may have started when two 500-amp outlets overheated and ignited nearby chemical containers. The other suspect is a woodstove.

"Everything in the building was lost. The plows warped and the fiberglass tankers melted to the ground. There was nothing left," says Schwarz.

Inspect coverage carefully

Some equipment was so new that it had not been recorded and covered by insurance.

"We bought new chain saws and a pressure washer. We bought it in November and we figured, 'It's almost December, what's going to happen in just one month?'"

The fire caused Schwarz to look at his coverage more carefully, including the importance of business interruption insurance. "It would have at least given us some cash upfront," says Schwarz.

Schwarz says he's more aware of proper coverage of much-needed smaller items like tools. (Insurance experts say that small pieces of equipment or tools can be insured as "miscellaneous," with a blanket limit.)

"When we started adding things up we found out that our tool boxes were taken for granted. That \$200 tool box was worth nothing. We had to eat that cost," explains Schwarz. The same with saws, pruners, hoses and other small pieces of equipment or tools.

Schwarz admits that he had worried mostly about "the big-ticket stuff" previous to the fire. Even so, the truck that his company bought for \$15,000 six years ago now costs \$18,000 for him to replace.

Schwarz had counted on plowing and firewood deliveries to generate winter cash. He told clients of the fire. Many were understanding. Several other landscaping firms offered the use of some of their equipment. These kindnesses, plus the lack of a huge snowstorm, helped Eric The Tree M.D. survive the winter. □

► Fire damaged everything around the landscape business of Eric, The Tree M.D., including trees and other nursery stock.

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something like a backpack blower into the trunk of their car if it's right there.

► **Make somebody responsible.** A foreman or supervisor should be accountable for tracking valuable equipment and tools at a job site. The responsible employee can also make sure that keys are secured and removed from all equipment at day's end. Return as much equipment as you can to your yard. Make sure all equipment that is left on the job site is secured or stored in a locked trailer.

If you don't have an enclosed trailer, put eye bolts on your trucks and cable the equipment to it. Some contractors weld lockable covers over the ignition switches of tractors and backhoes.

Don't leave equipment on open trailers, particularly in unfenced or unguarded areas.



What's to keep somebody from driving off with the trailer and all the equipment? Try to store your equipment in a well-lighted area.

► **Make your equipment identifiable** by some identifying mark and/or by painting it with your company's distinctive color.

► **Inform your local police department** that you will have certain equipment at a job site, and ask the police for suggestions about protecting it.

► **Tell your insurance car-**

rier whenever you buy new equipment you want insured.

► **Maintain equipment and keep accurate maintenance records** to improve your settlement by demonstrating the above-average condition of your equipment. □

—Tom Skuza spoke at the 1997 Metropolitan Detroit Landscape Association Convention about job site theft. He is with Baker-Hopp & Associates (Insurance), Harper Woods, MI.

Prevention tips from school of 'hard knocks'

The fire that destroyed his landscape headquarters was a costly education, says Eric D. Schwarz. To help others from going through what he did, Schwarz offers these suggestions:

- locate chemical storage away from maintenance structure;
- keep the plant holding area away from any buildings;
- consider business interruption coverage;
- conduct annual facility fire inspections;
- periodically review policies to make sure all valuable equipment is recorded and covered;
- keep up-to-date records of all equipment and inventory, including photographic or videotape records of vehicles, equipment and other inventory.
- keep a backup computer disc copy, off site, of all company employee lists and business records. □

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