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CONTINUOUS RISE IN EQUIPMENT THEFTS REQUIRES TOUGH ANTI-THEFT SYSTEM
STRATTEC® i-Guard RFID Electronic Immobilizer Proven As Top Crime Deterrent

Equipment theft has escalated over the past decade across North America, costing construction, fleet and rental equipment businesses billions in losses. Well organized and funded, many equipment thieves operate as part of sophisticated criminal networks trained to quickly and quietly sweep in and make off with thousands of dollars in costly machinery, much of which is sent to other countries and never recovered.

As part of the effort to thwart equipment theft, industry leaders recommend numerous protective measures for businesses and equipment owners to adopt to help protect their inventory. And in response to growing theft rates, equipment manufacturers began with some 2000 models to provide 17-digit product identification numbers to help owners keep better inventory.

But while keeping detailed inventory records, registering equipment and applying distinctive decals or paint on equipment are useful, many such measures are designed primarily for identification and location after the machinery is stolen. And given a choice, it's a solid bet equipment owners would prefer to prevent their costly equipment from being stolen in the first place.

While there's no surefire way to ensure all equipment is risk-free, there are proven anti-theft technologies that can render wheeled machinery extremely theft-proof. One system has been used by the major automotive OEMs for decades to prevent thieves from ever starting a vehicle. Using radio-frequency identification (RFID), STRATTEC® Security Corporation developed an electronic immobilizer system for automotive and nonautomotive applications, which can safeguard equipment from unauthorized use. And STRATTEC's proven system has been specifically adapted for heavy equipment under the name i-Guard, to keep construction, fleet and rental equipment securely at the jobsite.

National Alliance Tracks Thefts

The rising tide of equipment theft has driven industry organizations to join forces to develop ways to assist businesses and law enforcement in driving losses down and recovery rates up. The 2011 Equipment Theft Report is published annually through an alliance between the National Equipment Register (NER) and the National Insurance Crime Bureau (NICB). Drawing information from the National Crime Information Center's (NCIC) database of construction and farm equipment thefts; NER's heavy-equipment ownership and theft database; and the insurance industry's ISO ClaimSearch theft database, the report issues some startling statistics.

For starters, the Equipment Theft Report estimates the cost of equipment theft each year in the U.S. to range from \$300 million to \$1 billion. This doesn't include losses from workforce downtime, project delays, replacement equipment, insurance costs or damage to premises and other equipment during a theft. The report shows theft occurs more frequently than risks such as natural disasters, collisions, fire damage and vandalism.

Why is equipment theft so prevalent? Several factors are at play, including lack of proper equipment security; poor site security, especially at remote locations; low risk of detection and arrest; and the ease of selling high-value stolen goods on the used-equipment market. According to the report, equipment theft is lucrative, with the average value of a stolen piece of equipment \$22,300, which can become extremely costly for fleets. And each month more than 1,000 pieces of equipment are reported stolen to the NCIC.

However, loss can be measured in different ways. According to *Government Fleet Magazine*, (Preventing Equipment Theft, January 2013) equipment thefts also can cause damaging perception problems for public sector fleet operators if the thefts are construed by the media or politicians as an indicator of poor stewardship of funds.

Among the most troubling of the statistics in the Equipment Theft Report are that 2,430 machines were recovered in 2011—out of all active theft files *regardless of the year*. This recovery rate is against a backdrop of 11,705 thefts reported in 2011 alone. That's only a 21 percent recovery rate, even with all the tracking, reporting and database compiling across multiple industries. This further drives home the necessity to deploy technology that can protect costly equipment from disappearing.

What's Stolen and from Where?

In the 2011 Equipment Theft Report, the majority of thefts take place on others' property, rather than on the insured's premises or in transit. Generally, this means jobsites, which usually have lower levels of security than the insured's premises.

Although insurance can help offset the costs associated with equipment theft and policies vary depending on type of coverage, claims can be costly. According to *Rental Management Magazine* (Affordable Theft Protection, February 2, 2011) rental operators have to pay deductibles ranging from \$1,000 to \$10,000 or more, which is in addition to day-to-day losses from not having the equipment available to rent.

As for types of equipment stolen according to the 2011 report, mowing/garden tractors top the list, followed by loaders, tractors, forklifts and excavators, respectively. The NER 's database for early 2013 reveals that from December 2012 to February 2013 in the loader category, compact tracked loader thefts outnumbered skid steer loader thefts for the first time since theft trends have been compiled. Compact and utility tractors and utility vehicles remain popular with thieves in central and southern states, while a rise in mini excavator thefts can be attributed to the rising popularity of these machines, which are often left on trailers stolen with the excavator.

What is important to note is that the top stolen machines in any timeframe represent what the report emphasizes as most important to thieves: value and mobility. It follows that newer equipment is more desirable for its greater value. But the types of high-value equipment stolen most frequently are wheeled machines *because of their mobility*.

But the upside is that because of their mobility, they can be equipped with the i-Guard system, which can prevent unauthorized use and keep them securely at the jobsite. And some insurers provide premium discounts averaging 15 to 20 percent for construction and rental businesses that deploy electronic immobilizer anti-theft systems.

STRATTEC Security Corporation's i-Guard System

According to *The Wall Street Journal* (Putting the Brakes on Auto Theft, March 2, 2012), RFID electronic immobilizer technology, relied upon for decades by the major automotive OEMs, helped reduce auto theft in the U.S. by 40 percent since 2001. STRATTEC developed an RFID

electronic immobilizer system for the OEMS and today continues to make millions of transponder keys every year for Ford, Chrysler and GM.

Now, STRATTEC has adapted its RFID electronic immobilizer system to serve the construction, and equipment fleet industries under the name i-Guard. Available as a key or Fob system, i-Guard is a robust theft-deterrent system built on the world's foremost automotive anti-theft technology.

With the i-Guard system, a unique electronic code is programmed into the engine module and into a chip in the key or Fob. The code is transmitted between the two components by a small antenna via difficult-to-mimic radio frequencies. Here's how i-Guard works:

- When a key is inserted into the ignition or Fob used with a push-start button, the vehicle requests authorization
- The system module searches for the transponder
- The transponder responds with the correct code
- The system verifies the transponder code
- The system communicates back to the vehicle module that it is authorized

And, unlike easily hacked GPS technology, STRATTEC's i-Guard system relies on radio frequencies, which the majority of criminals do not have the skills to disable.

To curtail equipment theft at a time when theft rates continue to rise, owners and operators must become more vigilant and better dedicated to proactively protecting their costly machinery. With today's low recovery rates, it is more advisable to focus on theft prevention tactics than to hope for recovery once equipment has been stolen.

STRATTEC's i-Guard RFID electronic immobilizer system is grounded in more sophisticated technology than GPS and therefore difficult to hack. The i-Guard system is based on anti-theft technology that has proven successful for decades for the major automotive OEMs, and has now been adapted specifically to serve the heavy equipment, fleet and rental equipment industries. For more information on STRATTEC's i-Guard technology call 414-247-3333, or email fkosloske@strattec.com.