

CPA Hires – Best Practice

Plant security is improving. Many manufacturers have responded to customer pressure and are now fitting security devices to new equipment. CESAR registration is fitted as standard to many machines as are datatag, immobilisers, unique keys and key fobs. These together with tracking devices will, as time goes on, make Plant harder to steal.

But as security improves, Plant Hirers are more and more exposed to the threat of fraudulent hire. This is becoming increasingly common and more sophisticated. Thieves find it harder to steal the machine so they are now trying to get you to hand over your machine, complete with the keys, key fobs and immobiliser codes.

Best Practice

You can protect yourself against this by following this 9-step Best Practice. These are things you are probably doing already and much of it is common sense, but it is important that you have a strong system and make sure it's being carried out all the time:

1. Get and retain a copy of the hire agreement, signed by an approved person.
2. For new or non-account holders take copies of two proofs of the customer's ID. One with a photo and one with a current address **BEFORE** the hire commences. Obvious ones are: Driving licence, UK passport, Debit or Credit card, Bank statement or Utility bill.
3. For new and non-account holders obtain a couple of trade references, again **BEFORE** the hire commences.
4. Check the customer has "hired-in plant" insurance. If you're not sure, a good Insurance Broker will check this for you.
5. Carry out a credit check and keep a copy of the signed credit agreement.
6. If the customer does not have a trade account, only accept payment from a credit card in the name of the hirer – check against the ID you took at the outset.
7. If Plant isn't returned on the due date - find out why. Keep a diary system to be on top of when Plant is due for return and chase it up.
8. When an item of Plant is off hired and you are collecting it, collect it quickly – your customer soon has no responsibility for the machine and might not care about securing it.
9. If you have a driver in the area, drive past and check the machine is still on site where it was delivered.

Not only is this common sense but your insurance might be invalid if you don't follow these steps. Also, check that fraudulent hire is not excluded from your insurance – it often is.

Risk Management

No matter what you do, you can't eliminate the risk totally. This is why you need a good Insurance Broker who understands your business. In addition to sound risk management advice, a good Broker will work with you to arrange insurance cover that's there if you need it.

Insurance can seem expensive but there are lots of things that you can do to keep your premiums down without compromising on protection. Insurers give good discounts for strong, well run businesses that pay close attention to health and safety, carry out regular maintenance and have up-to-date risk assessments. A well protected, secure yard to store your plant is also a must.

Having done all these things, your plant could still get stolen. If it does and you have to make a claim, it's a pain – wasted time, lost hires and long lead times for new machines. You can ease the process by making sure hire contracts, delivery tickets, purchase invoices and service records are all to hand – these will all be needed by the Insurance Company. To make this as stress free as possible and ensure a quick settlement, a good Insurance Broker will support you every step of the way. If they understand your equipment and the plant hire industry, experience shows that up to 20% increase in your claim settlement is often possible.

Protect your Business

Plant security may be getting better but there is still a lot you need to do to protect your business. With the help and advice of a professional Insurance Broker who understands plant hire, your hard work could be rewarded by lower insurance premiums, less wasted time and increased profitability.

This article was provided by Michael Gregory of JCB Insurance in the CPA's Bulletin (May 2014).