



Sequoia Insurance Company

RISK ALERT

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Understanding and Preventing Copper Theft

Over the past few years, a sharp increase in the theft of copper piping, wiring, and other components from construction sites, utilities, homes, and even houses of worship has created serious safety and economic challenges problems for builders, electric utilities, property owners, and the general public. This rise is alarming but not unexpected; thefts of recyclable metals spike whenever scrap metal prices rise. And with the market value of copper increasing as much as 400% since 2000, the metal has become more attractive to thieves looking for an easy source of cash. Unscrupulous salvage yards readily accept copper, often paying up to 90% of market price.

Thieves look for copper in many forms and places:

- New wiring, piping, and other components awaiting installation, stored at construction sites.
- Wiring (even high-voltage wiring), piping, and electrical components in unsecured buildings (whether under construction, vacant, or occupied), electrical facilities, streetlamps, traffic signals, etc.
- Gutters, downspouts, lightning conductors and other roof components.
- Copper coils in air conditioners and HVAC units.
- Outdoor sculptures or decorative architectural components.

Copper theft creates significant inconveniences and risks for the general public, such as interruptions to electrical power and telephone service (including 911); disabled street lamps and traffic signals; increased risk of fire and explosion at electrical substations; and higher costs for construction, electricity, public safety, and other services. In several states, lawmakers are considering legislation to strengthen controls on the purchase and sale of commodity metals, as well as increased penalties for thieves and for salvagers who trade in stolen copper and other metals.

Take these steps to protect your property:

Seek Information and Assistance

- Consult your insurance agent or loss control consultant before your project begins, to ensure that you have adequate, appropriate insurance to protect copper during transportation, storage, and installation, and to cover business interruption costs should a theft shut down your operation temporarily.
- Meet with local law enforcement early in the project, to familiarize them with your plans, materials, risks, and schedules, and to seek their guidance on local risks. Work with police and neighbors to establish a neighborhood watch program.

- Talk with employees about theft, and show them how to secure materials and equipment to prevent theft and vandalism.
- Get to know your neighbors, tenants, and vendors; ask them to alert police if they see suspicious activities or people on or near your site, especially after hours.

Manage Valuable Materials Wisely

- Arrange "just-in-time" delivery of costly commodities such as copper. When possible, avoid storing large quantities of valuable materials on site.
- If you must purchase large quantities of copper components in order to "lock in" prices, be sure to have secure storage, either on or off site. Use sturdy, lockable buildings, storage containers, or wire cages.
- Develop and use an effective inventory system to identify, measure, and track copper components. Mark copper materials as your property, using any of several new technologies available for this purpose. Record serial numbers of appliances and equipment that contain copper components.

Keep Your Property Secure

- Provide adequate exterior lighting and video surveillance cameras, especially in high-risk areas. Maintain these properly to ensure that they are always in working order.
- Clearly define the perimeters of your property (such as with chain-link fencing), and post prominent "No Trespassing" signs. This makes it easier for police to identify, challenge, and arrest trespassers.
- Hire security staff to monitor your property after hours. Schedule inspection rounds at irregular intervals so that thieves cannot anticipate vulnerable times.
- Choose the best quality doors, fences, storage containers, and locks, and maintain them properly.
- Install locking steel cages over HVAC equipment (such as air conditioning units) and other outdoor equipment that contains copper components. Install locks on exterior electrical panels.
- Remove exterior fixed ladders, stairs, and other means of access. (Do not remove fire escapes.) Store ladders inside locked buildings.
- Allow only authorized personnel on site. Train employees not to admit any others.

For more information about how to manage your business risks, call Sequoia Loss Control at (831) 657-4507