

Catalytic converter theft

Please route to:

- Owner
- General manager
- Sales manager
- Service manager
- Office manager

Introduction

Due to the continued high price of precious metals, catalytic converter thefts continue to be a common crime that can be very costly to businesses if not addressed. In addition, many insurance policies are carrying higher per vehicle deductibles and higher per occurrence deductible aggregates, which require the insured to reimburse the insurer up to an agreed upon amount annually before losses are paid by the insurer. Therefore, customers may end up paying the full cost of replacement until they meet their aggregate amount. The good news is there are steps that can be taken to protect businesses against this type of theft.

Discussion

Thieves are attracted to catalytic converters for two reasons: low risk and high reward. The ease in which a converter can be stolen presents few risks to thieves. Converters can be removed quickly, often in less than two minutes, with only a wrench (for converters that are bolted on) or a reciprocating saw (for converters that are welded in). Because thieves can work undetected under the vehicle, converters can be stolen in broad daylight. In addition, thieves no longer have to steal an entire car for a nice payday. The theft of catalytic converters can be linked to sharply rising precious metal prices, specifically three found in most converters manufactured today – platinum, palladium, and rhodium.

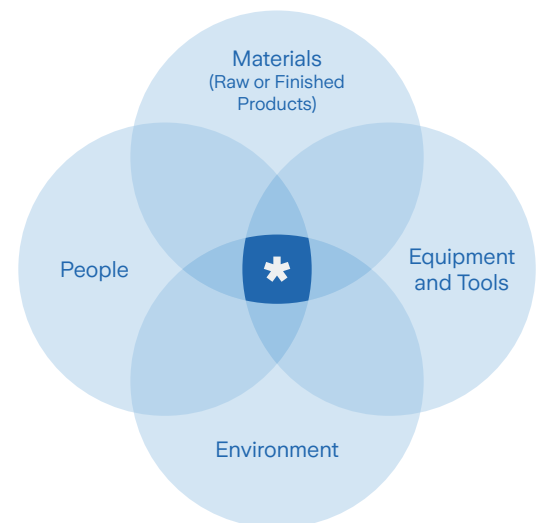
Depending on which metal was used, thieves can sell converters to metal recyclers for \$50-\$250 per converter.¹ Recyclers then extract the metal and resell it for thousands of dollars per ounce. Targeted vehicles may include just about any pick-up truck or sport utility vehicle that sits high enough off the ground to allow an individual to slide under it without a jack. Particularly attractive to thieves are newer vehicles that have two converters.

Guidance

Start by understanding the dynamics of the fleet and accessing the systemic causes of loss. Cause factors can be defined by using the People, Material, Equipment, Environment (PEME) process:

- People (Any person with a role/involvement in the incident)
- Material (Any material utilized in the process)
- Equipment (Any equipment utilized in the process)
- Environment (Includes the physical conditions of the job and culture at the location)

Using the PEME process may aid in identifying causes that may not be immediately obvious. Incidents are typically a result of multiple causes that intersect. By using this process, you may find similarities across seemingly unrelated events.



Items to consider include:

- Knowing the area(s) where your business is located and working with local law enforcement to determine any trends that might impact your operations is vital to developing crime prevention strategies.
- Ensuring your business is not targeted and is not attractive to opportunists looking for conditions conducive to facilitate these thefts and other criminal activity.

- Dedicated parking lots for employees and authorized visitors – fencing, gates, adequate lighting, security cameras, and security patrols are all measures that can be implemented or enhanced to aid in crime prevention in general.
- Personal use of company vehicles and remote worker exposures – for companies that permit personal use of company vehicles or remote workers driving company owned vehicles based out of their homes, having garaging agreements in place specifying where the vehicle is to be parked and the suitability of parking provisions.
- Assess crime trends in communities where all vehicles may be parked for company business, whether they are personal vehicles or company vehicles, and plan accordingly based on the findings.
- Remote parking at temporary projects - assess the suitability of parking provisions, conduct random and irregular sweeps of remote parking areas while workers are occupied with their duties, require parking permits be visible for approved vehicles, post notice of private parking and no unauthorized vehicles are permitted. If an unauthorized vehicle(s) is detected, sweep the parking lot for possible unwanted visitors and notify police if needed.

Do no harm

Decisions about preventing losses can be complicated with the possibility of unsafe conditions or permitting unsafe acts resulting from preventative measures or as a result of the operation of a vehicle damaged by the theft of a catalytic converter.

- Use of welding and brazing tools could potentially lead to a vehicle fire or create electrical problems with the vehicle's computers sensors and other electronics if the vehicle is not properly grounded and de-energized.
- Tow a damaged vehicle – driving with damaged systems may allow hot exhaust gases to discharge close to the engine which could potentially ignite combustible or flammable material in the engine compartment. Additionally, these hot gases may be expelled under the passenger compartment which could possibly introduce carbon monoxide gases into the passenger compartment creating a dangerous condition for passengers.
- Consider contacting a tow operator that uses flatbed wreckers to utilize a second suspension which minimizes the shaking of compromised vehicle components. This may reduce the potential for damage claims from unsecured parts dropping into the roadway. Also, specify that the damaged vehicle is towed on the deck of the wrecker, not using a stinger to pull from behind using the damaged vehicles axle and suspension.

Loss prevention tips

- Park vehicles in a well-lit area with a high volume of after-hours traffic
- Eliminate use of off premise lots to park vehicles unless security is present
- Implement detailed lock-up procedures for securing doors, gates and fences
- Hire security guards – be sure to research security companies and select reliable companies with good references and a proven track record
- Install a video surveillance system – consider motion sensors with live monitoring
- Conduct thorough background checks of employees
- On existing theft prevention devices, (vehicle alarm systems and telematic event recorders), determine if sensitivity can be

increased to detect vehicle tampering or if shock triggers on event recorders can be adjusted to alert management of a potential intrusion.

- Explore the installation of aftermarket security products to shield the catalytic converter and protect it from being stolen. An internet search of “catalytic converter theft prevention devices” can direct you to potential vendors
- Tack weld catalytic converters onto the vehicle; this may prevent the theft for a nominal fee upfront.
- Engrave license plate or VIN numbers into the catalytic converters to alert scrap yards that it may be stolen
- Spray heat-resistant paint on the catalytic converter with your company name and contact information
- Provide awareness training- park vehicles in a locked garage where possible, but if this isn't an option, then park in a well-lit and well-populated area. Park close to fences, walls or a curb with the exhaust being closest to the fence, wall or curb to make the theft more difficult- back in to prevent access from the rear, particularly if a parking block can prevent access. Avoid parking vehicles half on the pavement and half on the road, as this may make it easier for thieves to access the catalytic converter.

Conclusion

Catalytic converters are an easy and valuable target to thieves. However, by following sound loss prevention practices, businesses can minimize risk and save thousands of dollars in potential losses. Preventive measures may ultimately be less expensive than paying insurance deductibles, nuisance expenses and escalating insurance premiums. Determine what makes sense for your organization based on a detailed analysis taking into consideration your operations and exposures. Lastly, ensure police reports are filed to ensure the communities where you have operations are aware of the problem and can develop strategies for crime prevention.



Not a customer?

For more information about Zurich's products and Risk Engineering services, visit www.zurichna.com/automotive or call us at 800-840-8842 ext. 7449.



Already a customer?

Contact your Zurich Account Executive or agent for information about additional Zurich's products and Risk Engineering services.

Resources

1. National Insurance Crime Bureau, 2021. [www.nicb.org
https://www.nicb.org/news/blog/catalytic-converter-thefts-skyrocket-across-nation-0#:~:text=Typically%2C%20recyclers%20will%20pay%20%2450%20to%20%24250%20per%20catalytic%20converter.](https://www.nicb.org/news/blog/catalytic-converter-thefts-skyrocket-across-nation-0#:~:text=Typically%2C%20recyclers%20will%20pay%20%2450%20to%20%24250%20per%20catalytic%20converter.)

Other Zurich Resources

[Incident analysis white paper](#)

The Zurich Services Corporation

Zurich Resilience Solutions | Risk Engineering

1299 Zurich Way, Schaumburg, IL 60196-1056

800 982-5964 www.zurichna.com

The information in this publication was compiled from sources believed to be reliable for informational purposes only. All sample policies and procedures herein should serve as a guideline, which you can use to create your own policies and procedures. We trust that you will customize these samples to reflect your own operations and believe that these samples may serve as a helpful platform for this endeavor. Any and all information contained herein is not intended to constitute advice (particularly not legal advice). Accordingly, persons requiring advice should consult independent advisors when developing programs and policies. We do not guarantee the accuracy of this information or any results and further assume no liability in connection with this publication and sample policies and procedures, including any information, methods or safety suggestions contained herein. We undertake no obligation to publicly update or revise any of this information, whether to reflect new information, future developments, events, or circumstances or otherwise. Moreover, Zurich reminds you that this cannot be assumed to contain every acceptable safety and compliance procedure or that additional procedures might not be appropriate under the circumstances. The subject matter of this publication is not tied to any specific insurance product nor will adopting these policies and procedures ensure coverage under any insurance policy. Risk Engineering services are provided by The Zurich Services Corporation.

© 2022 Zurich American Insurance Company. All rights reserved.

A1-P0380587-A (10/22) P0380587

