

BY MIKE STIMPSON

CARRIERS AND INSURERS UNITE TO TACKLE

CARGO THEFT

The theft of a truck in Mexico last December grabbed worldwide attention because of something the truck was carrying: radioactive waste that terrorists could use to make a 'dirty bomb.'

Eventually, after much public fretting and some sharp police work, the truck and its dangerous contents were located. Six people (one of them showing signs of radiation sickness) were arrested. The situation was brought back to 'normal' within days of the heist.

That story was exceptional for its drama and potentials, but theft of truck cargo of all kinds is not so exceptional. In fact, it's a common and growing concern across North America.

Closer to home, for example, there was the September 2013 theft of a trailer containing an estimated \$100,000 worth of frozen beef from a truck yard in the Niagara region. Eleven months earlier, \$10,000 worth of meat was stolen from a lot elsewhere in southern Ontario.

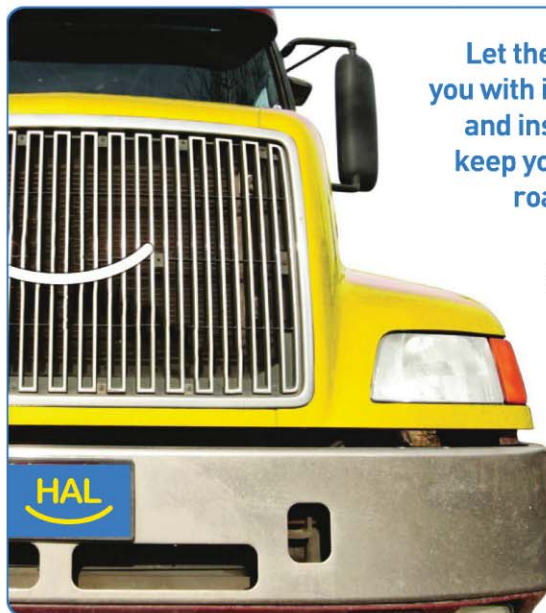
In Regina last November 30, a truck containing 1,500 cases of liquor was stolen. It was found empty and abandoned, all of its approximately \$500,000 in intoxicating freight gone. The Saskatchewan Liquor and

Gaming Authority, the booze's intended recipient, said the carrier would have to cover the loss.

Cargo crime, which includes theft, fraud and hijacking, is a huge problem. "We had one insurer say that it was a \$5-billion problem in Canada," **Jennifer Fox**, Vice President, Trade and Security for the Canadian Trucking Alliance (CTA), told CBC News shortly after the Hamilton beef incident.

"I actually think that's an understatement of how prevalent the problem is."

In March 2014, CTA and the Insurance Bureau of Canada (IBC) expanded their Cargo Theft Reporting pilot program from Ontario and Quebec to include all parts of Canada. Carriers across the country can now report cargo crime via an online form. The numbers will be crunched and information will be shared with a national network



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 RETURN TO TABLE OF CONTENTS

SUMMER 2014 *Western Canada Highway News* 25 

of law enforcement partners, including border agencies.

"This expanded and improved reporting process will help prevent crimes and lead to faster recovery of stolen goods and prosecution of cargo theft criminals," IBC's **Garry Robertson** says.

STOLEN OVERNIGHT

Mike Gerber of Monarch Insurance Brokers in Edmonton says cargo thefts often "seem to follow a common pattern in that they involve loads that aren't secure – I mean, not in an enclosed trailer and locked. [Drivers or staff] just leave the loads overnight, and they return in the morning and the load's gone. If the trailer isn't in an enclosed area, [thieves] will take the entire thing. They'll drive away with it, and the cargo won't be seen again.

"Lots of times they don't know what they're stealing, but with the economy being the way it is in Alberta they figure there's a good chance that whatever is in the trailer is worth some money. They'll just take their loot, whatever happens to be in there, and try and make do."

The rising incidence of theft "has put pressure on the cost of cargo insurance," **Evan Di Bella**, Claims Director at

Northbridge Insurance, says from Toronto. "The insurance industry has had to pay out more in cargo claims in recent years, and that cost gets reflected in rates."

There are safety measures that any trucking company can and should take to reduce the risk of cargo theft. For example, every firm should have a 'loss prevention committee' whose members are empowered to "think like a thief" and look for cracks in business practices that might present opportunities for a thief – and then, of course, act to address those deficiencies.

That tip gets a thumbs-up from **Cheryl Talbott**, Senior Account Executive at McLean & Shaw Insurance in Edmonton, who says, "Awareness is certainly key to prevention."

Another tip is to assign high-value loads to more experienced employees only. As well, see that drivers make frequent call-ins so that the load's whereabouts are always known, and/or use technology such as RFID tags to track the load's progress.

Once high-value cargo reaches its destination, avoid storing high-value cargo on-site for longer than necessary. Weekend storage is especially risky, as the *Journal of Commerce* recently reported that about 70-75% of cargo thefts occur during that time.

Also, adds Northbridge's Di Bella, "Make sure that loads are delivered before the destination is closed for the day." Coming in late can mean the trailer is left unattended in an insecure location. It's crucial to have a secured facility for overnight and weekend storage.

SGI Canada's **Barry Peabody** says there's a "risk triad" related to cargo crime, and the human factor is the most important part of the dynamic. "You've got three scenarios," he says from Regina. "You've got the employee, you've got the commodity, and you've got the locations – in other words, where they're going to be stopping. It's a four-day journey, but they're going to be stopping here, here and here.

"So, if you have a new employee stopping in a high-risk location with target commodities, your chances of trouble are greater than if you address any one of those three points in the triad. If you assign your best, most trusted employee who's been with you for 10 years, the dynamic changes because the commodity is going to be looked after by someone you've got more trust in, and location selection might be different.



If the trailer isn't in an enclosed area, [thieves] will take the entire thing.

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CARRIERS AND INSURERS UNITE TO TACKLE **CARGO THEFT**

"We have to look at all of those factors, but there's no question that the human being is the key part of that triad."

When a load is stolen, a carrier mercifully can expect the claims process to be simple: Declare what was stolen, where, when and its approximate value. Monarch's Gerber says claims tend to be "processed very well, and sooner than later you have a cheque cut for the cargo that was stolen – if you have the right insurance company."

McLean & Shaw's Talbott notes that making a claim won't necessarily affect your premiums. "It may or not," she says. "It depends on the claim itself – the nature of the claim, the cost of the claim."

Whether or not an insurance claim is filed, she adds, "It's important that trucking firms report thefts to law enforcement authorities."

INDUSTRY PARTNERS

A few years ago, CTA and partners in law enforcement and insurance commissioned a study on cargo crime. The study's report said cargo crime can have "staggering" impacts on individual carriage companies, and it raised concerns about an increased use of violence and involvement of organized crime.

"Probably the most glaring revelation from the study was that there were actually no statistics on cargo crime and that sort of thing in Canada," CTA's Fox notes from Toronto. "So it became obvious that what we need to do is advocate for law enforcement to record in a uniform and consistent manner what is happening out there with respect to commercial cargo-related crimes."

But before the CTA and its partners could advocate for those types of changes, they needed empirical evidence to demonstrate necessity. It was, as Fox says, "a bit of a chicken-and-egg situation." Hard data was needed to argue the case that hard data should be collected.

"That is what led to CTA and IBC agreeing to partner together and develop a mechanism where cargo crime can be reported to CTA and IBC – which positions us to collect some data that can be uniform and consistent," she explains.

"Also, it provides us a way to push that information that we capture out to law enforcement in the hopes that we can aid in the recovery of stolen freight and the like. And it also provides a mechanism for carriers to report incidences of cargo theft without having to go through their insurer, because

one thing that came out of the report is that sometimes there is a reluctance in the trucking industry to report cargo crime to insurers for fear of rising premiums."

The reporting form can be accessed online at www.ibt.ca. Fox sees the data collection and building relationships with police across Canada as wins for CTA and IBC.

"The fact that law enforcement is engaged and interested and active in this project nationwide is the first indication that it's been a success throughout Ontario and Quebec," she states. "Obviously if it wasn't successful in those two provinces, there wouldn't be interest in getting onboard in the rest of Canada."

She says seeing more stolen cargo recovered will be the "most obvious" metric of success. "If we're able to recover stolen freight, if we're able to apprehend criminals and get increased charges laid, and we can somehow link those to the data that's been collected, then I think that those would be the measurable statistics."

"I wouldn't want to put too much weight on the numbers at this point in time, because we're just not there yet. But there have been recoveries as a result of this program, and that's why we want to go forward with it and continue to pursue it." ■



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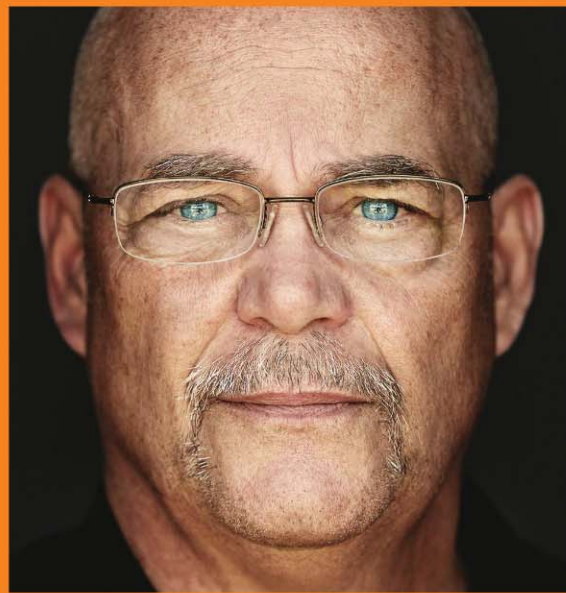
Steve Farris, VP Safety and Risk Management, *International Truckload Services, Belleville, Ontario*

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