


CANADIAN CARGO THEFT TRENDS:

What's new, what's now,
and what's on the horizon.





As long as cargo continues to move along the highways, pass between trailers, and hang out in truck yards, there will be cargo theft. **Just how big is the cargo theft problem today?** While experts are hesitant to hang a price tag on it, most agree that cargo losses total in [the billions each year](#). And despite more consistent reporting and closer monitoring, the problem isn't going away – in some ways, it's growing.

While experts are hesitant to hang a price tag on it, most agree that cargo losses total in the billions each year.

What's fueling cargo theft in Canada, and how have things changed?

While certain aspects remain the same (thieves still seem to be magnetically drawn to unsecured yards), the landscape has shifted in other ways. Cargo criminals have concocted new plans, carried out with larger networks and more sophisticated approaches. Advancing technology, geographical weak points, and new high-value targets are putting Canadian carriers at risk from coast to coast.

Northbridge has amalgamated data from local law enforcement reports, along with corroborating information from the Insurance Bureau of Canada and other cargo authorities to provide a deep review of the current trends and changing risks surrounding cargo theft. These insights into the problems - and potential solutions - will help trucking and transportation companies of all sizes stay one step ahead of the rising threat, and in better control of their bottom line.

National cargo theft trends today	4
Current criminal approaches	8
Preparing for the future	10
Managing your risk	11
How we can help	13



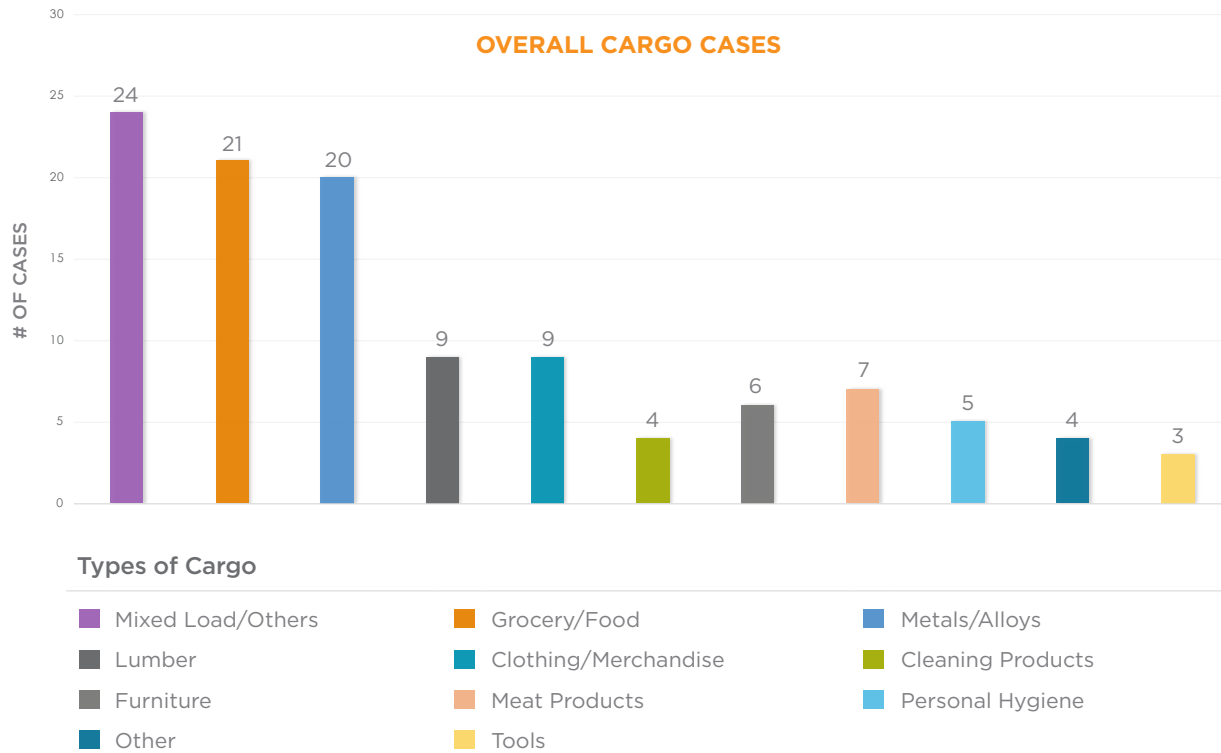


National cargo theft trends today

Criminal activity can be traced from east to west and across various types of products, but emerging patterns point to some prominent areas and favourite targets. **Mixed load cargo is frequently at the top of the list of stolen products:** because these loads can be broken down and separated, thieves can more quickly and easily sell off the items to local stores.

This year, mixed load cargo takes the top spot, followed closely by metals and alloys and other food products. But that's only part of the story.

REPORTED CARGO THEFT CASES IN CANADA, JANUARY 2017 TO SEPTEMBER 2018
(COMPILED BY NORTHBRIDGE)



Meat theft is on the rise

Food is a top target, but meat in particular is attracting more criminal attention than ever. Not only is it a high-value load (our records reveal one recent stolen load was valued at \$200,000)¹, it can be unloaded quickly and is difficult to trace. However, the threat of spoilage means meat theft must be carried out swiftly, which will call for a closely coordinated effort and investment in specialized equipment, like refrigerated trailers. In turn, meat cargo is increasingly targeted by practiced and well-funded criminal networks.

Thieves won't take anything perishable unless they already have the buyer in place. So, the entire logistics network must be aligned before the load is stolen. If the chain is broken somewhere along the way, the load could very well be left to rot. This is a sophisticated racket involving many people.

GTA is a top target

The area surrounding Canada's largest city offers an advantageous infrastructure for cargo criminals: Mississauga, Brampton, and Toronto are among the more prominent trucking hubs in North America, and they're connected by major highways traveling east and west and north and south. This unique framework allows goods to move to neighbouring cities quickly, where loads can be dismantled and sold off.

Toronto itself is also experiencing more cargo theft, especially involving mixed load cargo, which may come down to the high concentration of Less-than-Truckload (LTL) centres. As [Sensitech \(formerly FreightWatch International\) reports](#), there's been a shift in focus from single-product truckloads to LTL shipments or mixed retail loads, given the somewhat lax security and opportunities for quicker fencing.

¹ Northbridge Insurance claims data, 2018.

Cargo can sit in these LTL holding centres before it's split up for local deliveries, tempting thieves who are looking for a big score. In other cases, the goods are stolen from the delivery trucks after the cargo is parcelled out from the large load. LTL shipments are often less closely guarded, and since drivers may make multiple stops, these loads can be more vulnerable to theft while they travel between point A and point B.

The West is gaining ground

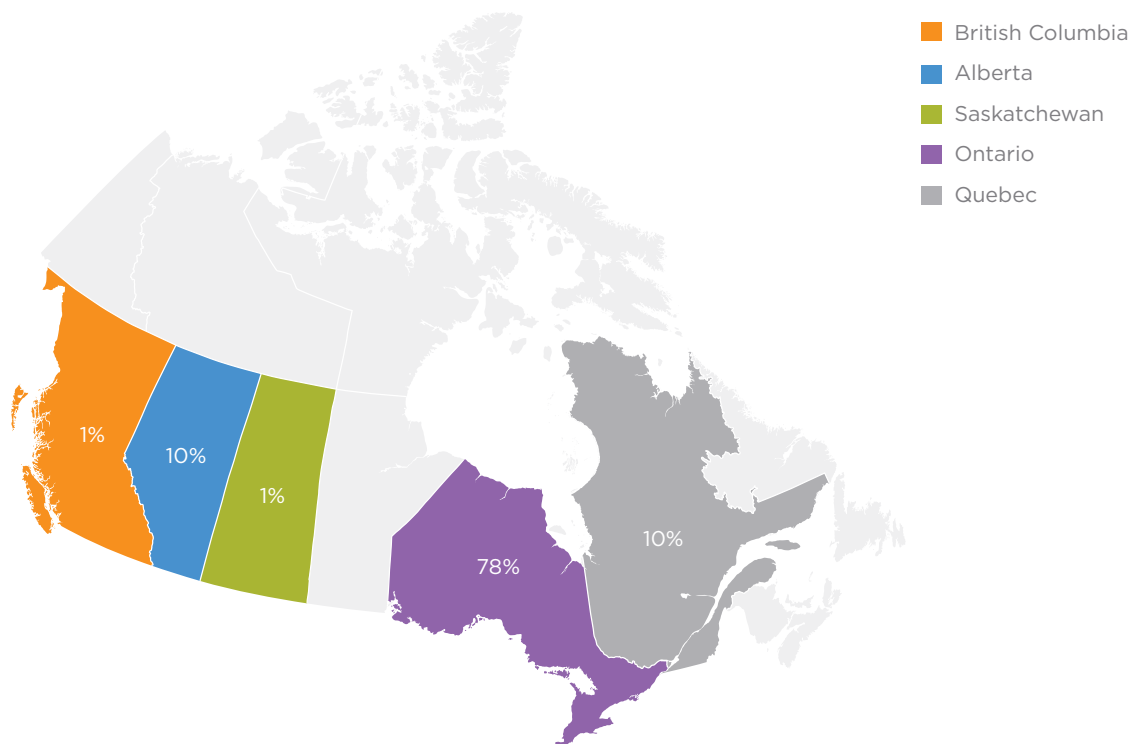
While Northbridge data indicates that most reported theft occurs in Ontario, more consistent reporting has been coming out of the west in recent months. There, lumber loads and heavy equipment have been going missing more often, and now Alberta is catching up to Quebec in terms of reported theft.

The recent cluster of devastating wildfires in British Colombia could help to explain the surge in lumber theft: as more trees are lost in the blaze, the [cost of lumber climbs](#), and now cargo loads of lumber are even more tempting to thieves looking for a big payout.

Cargo theft in the U.S.

South of the border, cargo theft centres on many of the same types of products – namely, food and beverage and electronics – and the average loss value per incident is well over \$200,000. However, unlike in Canada, one source indicates overall reported [cargo thefts during the first quarter of 2018 declined 22 percent compared to the same period in 2017](#).

REPORTED CARGO THEFT CASES, PROVINCIAL DISTRIBUTION, JANUARY 2017 TO SEPTEMBER 2018 (COMPILED BY NORTHBRIDGE)



Better reporting is changing the game

So, what's driving the uptick in theft statistics north of the border? Experts point out that more cargo theft reporting across Canada lends the illusion of more occurrences of cargo crime, but it could be that thefts are simply being reported and recorded more often. Since the [voluntary system for reporting cargo theft](#) was launched by the Insurance Bureau of Canada and the Canadian Trucking Alliance, more affected parties are reporting losses.

"We're seeing an increase in reporting to IBC every year since the program's inception", says Wayne Hummel, Investigator, Cargo and Auto Theft for the Insurance Bureau of Canada (IBC). "As more law enforcement and insurers have become aware of the program, the number of reports has risen to 1600 as of the end of the third quarter of 2018 – that's nearly as many as we saw in all of 2017."

Northbridge statistics agree: we're seeing an uptick in reports across the country, and our data is consistent with the national data collected by IBC.



Experts point out that more cargo theft reporting across Canada lends the illusion of more occurrences of cargo crime, but it could be that thefts are simply being reported and recorded more often.

Current criminal approaches

Cargo thieves usually don't operate like traditional organized crime groups. There may not be a distinct leader, and power or control of territory usually takes a back seat to the money.² But make no mistake: cargo criminals often have deep knowledge of the supply chain and have organized a network of accomplices to cover all the tasks involved, from driving the tractor-trailer to unloading the goods quickly and inconspicuously.

In some cases, the theft is a brazen robbery, with the driver at the mercy of the thieves. In other cases, the theft is more sophisticated. Cargo crime is often linked to other criminal activities, from drugs and money laundering to terrorist funding.

² Cargo theft, loss prevention, and supply chain security. Dan Burges, Elsevier Inc. 2013, p 45.



Here are some common ways thieves steal cargo today.

Yard shopping

Some criminals know exactly what they're looking for. Others prefer to take advantage of high-value, low-risk opportunities that they happen upon. For instance, they may browse different truck yards, looking for products that promise a big payoff for little effort. This is known as “yard shopping”, and not surprisingly, less-secured yards are particularly vulnerable.

More than the cargo

Not only is cargo at stake – thieves are becoming more interested in taking the trailer, as well. This results in a double loss to the carrier: the cargo is lost, as is their vital equipment, and once it's dismantled, it's virtually impossible to recover. In some cases, the thieves simply take the vulnerable trailer and “re-vin” it – that is, switch the identity of the trailer – then try to resell it.

Online broker sites

As trucking and transportation moves further into the digital realm, cargo theft can more often be traced to system breaches. For the savvy criminal, an online broker site with poor security measures (like weak passwords) can unveil a lot of sensitive information about carriers and scheduled deliveries.

In many cases, thieves visit online load broker sites to pinpoint a scheduled load, then create false documents that allow them to assume a false identity and pick up the load early by masquerading as representatives from that company. By the time the real carrier goes to pick up the scheduled load, the criminals have made off with the goods.

Since cyber security rests on each load broker company (there's currently no overseeing body), it's becoming more important for individual organizations to take [cyber risk](#) seriously and implement more advanced security measures as soon as possible. In fact, [upcoming legislation](#) will make the reporting of many cyber breaches mandatory in Canada.

As trucking and transportation moves further into the digital realm, cargo theft can more often be traced to system breaches.



Preparing for the future

As seasons change, carriers should stay vigilant. Long weekends are peak times for cargo theft, as are seasonal holidays. In the lead-up to the Thanksgiving and Christmas seasons, more goods travel around (especially alcohol and other high-value retail products that make great gifts), attracting more criminal behaviour.

Given that [a prominent cargo theft network in Southern Ontario has been disrupted](#), it will be worth watching for a decrease in theft reports going forward. However, once a major operation is removed from the scene, it can open the door for other groups; it will be important to monitor upcoming reports to stay on top of potential threats.

The best way to prepare for what may be to come is to gain a firm understanding of your risk, and then put a comprehensive plan in place to manage those hazards.



Managing your risk

As cargo theft grows and evolves, so does the risk for drivers and carriers. While each company is unique, and specific risk management methods will depend on factors like company size and cargo type, there are a few basic guidelines on which to build your program.

Once created with input from your shippers, carrier, and security agency, your documented theft prevention policy should be included in your policies and procedures manual. All staff needs to be trained on this policy.

Secure your load

Drivers must secure their cargo, but how about the tractor-trailer itself? Given that criminals are increasingly interested in taking the trailer along with the cargo, devote some time to ensure your yard is secure, using hardened padlocks and high-security-compliant barrier seals.



Take extra precautions on weekends and holidays, because the longer your cargo sits in one place unsupervised, the more time and space you give thieves to attempt a heist. It's best not to retain loads, but if you must, do so at secure, continuously monitored terminals with fencing and controlled access points. Consider broadening your security measures with:

- Roving security patrols
- CCTV cameras
- Security lighting
- Locked key boxes (kept inside the site office)

Signage and prominent security measures are good deterrents. Cargo theft is often a crime of opportunity; the more barriers you present, the less likely would-be thieves will target your yard.

Don't turn your back

Drivers shouldn't let the load out of their sight. That can be easier said than done, but it's crucial to limit the amount of time loaded trailers sit unattended. Ideally, companies should use team drivers to reduce the number of stops and eliminate the need to leave the load unattended.

Of course, it's not always possible to employ team drivers. If a single driver is in charge, they must be diligent: any suspicious activity around the yard, lot, or trailer itself shouldn't be ignored – document and report what you see to management and security.

- Drivers should keep their eyes trained on the task at hand. It's important to observe loading and unloading whenever possible.
- Keep a log of all entries to the secured site and approach any unknown people right away to clarify their intentions (and escort them off the property, if necessary).
- Don't discuss what you're carrying or where you're going; truck-stop talk can be an easy way to find out about loads and their destination.

Do your research

It's easier than ever to assume an identity or parade an invented brand as a legitimate business, so be careful about who you trust. Complete background checks and research the integrity of any sub-brokered carriers. If something doesn't seem right, dig deeper before working with anyone.

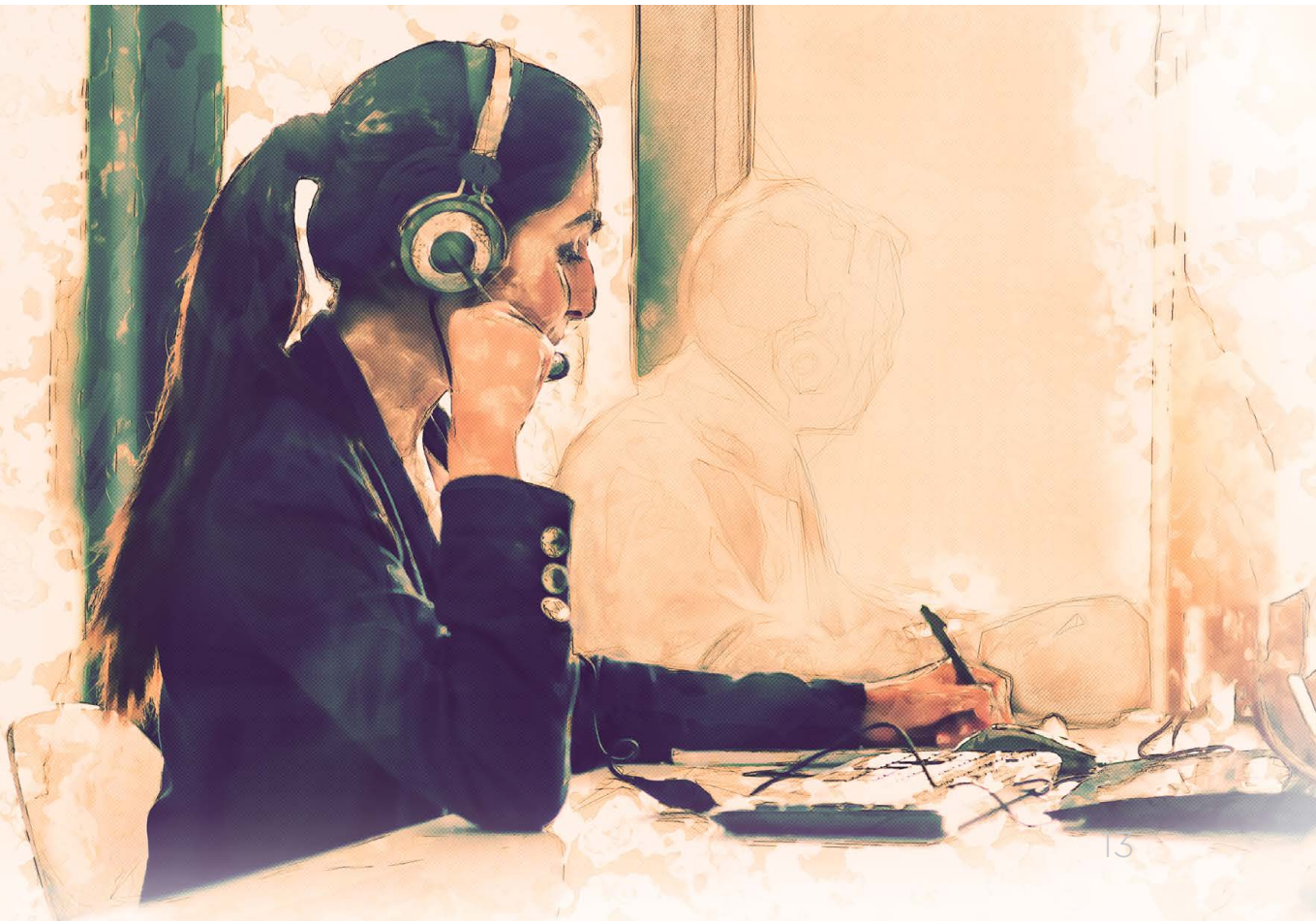
Unfortunately, threats can also come from within. Enact strict key control of all equipment, including trucks, motorized pallet jacks, and forklifts. The broader the access to these sorts of devices, the higher your risk of falling victim to an inside job. Make it a policy to perform employee criminal background checks at hire, but all employees should receive background checks on a regular basis, too.

Take extra precautions
on weekends and
holidays, because the
longer your cargo sits in
one place unsupervised,
the more time and
space you give thieves
to attempt a heist.

How we can help

As cargo theft evolves, so does our commitment to data-based insights and solutions. More widespread reporting across the country means we have an opportunity to look closely and continuously at how cargo theft is affecting Canadians – and how our knowledge, expertise, and proactivity can help carriers mitigate that growing risk.

As a leading insurer within the Canadian trucking and logistics industry, Northbridge offers sound support and a range of helpful programs and services for concerned carriers. A focus on consultation, education, and assessment helps our Risk Services specialists work quickly and proactively to protect your business' best interests.



Risk Management Assist

Sometimes you need a helping hand right away – and our experts are just a phone call away. With immediate and unlimited access to our Risk Services Specialists, our Risk Management Assist service connects you to the answers and guidance you're looking for.

Decades of experience and in-depth knowledge across many industries position Northbridge Risk Services Specialists as invaluable allies. We're well-versed in a variety of property, auto, and loss prevention topics, and can provide guidance on any regulatory, legislation, or code requirements your business may be dealing with.

Training and coverage

A dedicated training center in Guelph, Ontario, enables our Risk Services specialists to develop programs that align with industry standards and best practices, focused on real concerns and delivered nationally.

We continue to create new, focused training programs for our trucking and logistics customers, and provide tools like:

- Operational risk assessments
- Compliance risks assessments
- Safety management guides
- Hazard analysis

Strong risk management goes hand in hand with the right insurance policy to cover your business if you fall prey to cargo crime. Reach out to our team for clear insight into your company's loss prevention and loss recovery strategies, and we can help you safeguard your trucking and transportation business with coverage that speaks to your unique operations.



Decades of experience and in-depth knowledge across many industries position Northbridge Risk Services Specialists as invaluable allies.



This whitepaper is provided for information only and is not a substitute for professional advice. We make no representations or warranties regarding the accuracy or completeness of the information and will not be responsible for any loss arising out of reliance on the information.

Northbridge Insurance and Northbridge Insurance Logo are trademarks of Northbridge Financial Corporation, licensed by **Northbridge General Insurance Corporation** (insurer of Northbridge Insurance policies). [3808-004 ed01E]