

## Managing Transportation risks over the long haul

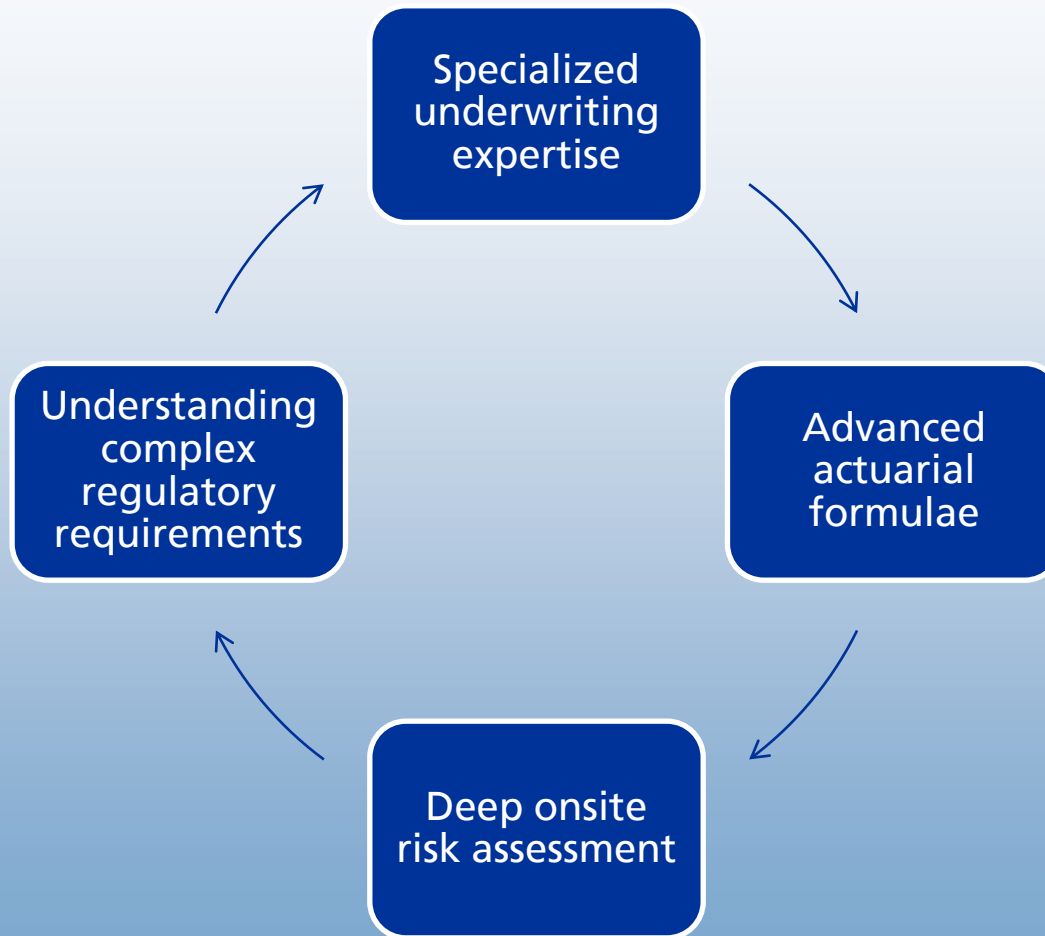
Tuesday, September 20, 2011, 2:30pm



# Worst Case Scenario ?



# Managing typical risk factors for the long haul trucking exposure



# Business model evolution creates new risk factors

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- New economic choices – hybrid business models create more opportunity
  - Relationship between the trucking company and *their* customers becoming more complex and demanding
  - Political conflicts around trade and cross border transit

# The next generation of exposures



End-to-end supply chain – cross border,  
time pressures, contractual changes,  
business interruption



Protecting your reputation: customer-  
insurer relations in an event where the  
insurer needs to be mindful of the  
customer's reputation



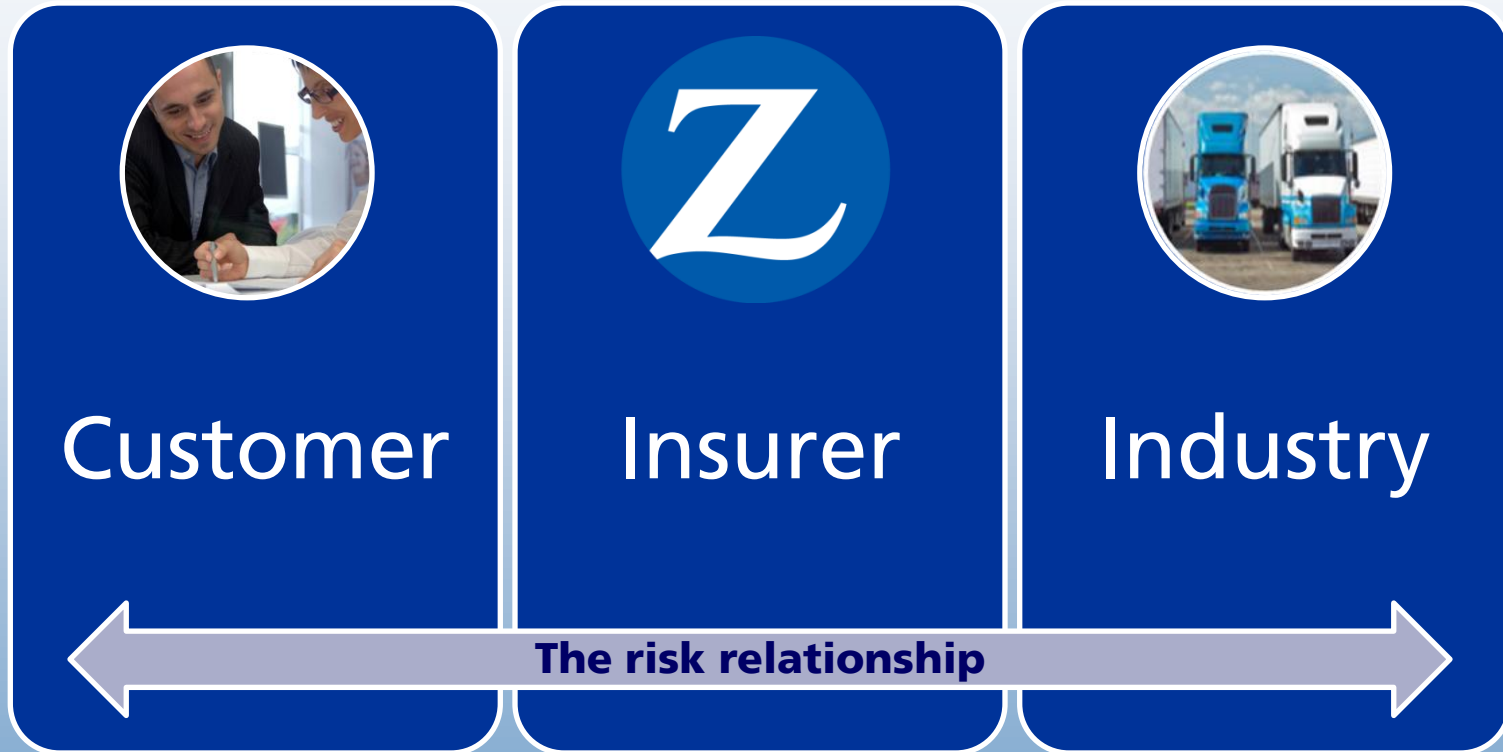
Cargo Theft – organized security risk



# Situation critical scenario



# The risk relationship



# Interdependency of Partners





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## Report on Cargo Crime in Canada

Conducted by: Lansdowne Technologies Inc.



# Sponsors



## Partners

Royal Canadian Mounted Police, Canada's Pipeline/Convoy Program Peel Regional Police, York Regional Police, Insurance Bureau of Canada, Customs and Border Protection, Canada Border Services Agency, Ontario Provincial Police, MacKinnon Transport Inc, Bison Transport, JD Irving Limited, Markel Insurance Company of Canada, Marsh Canada Limited, Zurich Insurance Company Ltd, TransCore Link Logistics, British Columbia Trucking Association, Alberta Motor Transport Association, Manitoba Trucking Association, Ontario Trucking Association, Highway Agencies Limited, Canada Cartage, Yanke Group of Companies, ABF Freight System Inc., The Erb Group of Companies, Liberty Linehaul, The Day & Ross Transportation Group, Midland Transport, JD Smith, BurlOak Investigative Services, AZ Claims Services Inc.

# Cargo crime threat and risk assessment



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- Clearly explain “Cargo Crime”
  - Promote awareness
  - Identify challenges
  - Highlight trends/differences across the country
  - Determine best practices
  - Develop road map



# Preliminary findings



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- Much activity within insurance sector
  - Much activity within trucking industry
  - Much activity within law enforcement
  
  - Lack of coordinated effort



# Trucking in Canada



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- Trucks move 90% of all consumer products and food in Canada
  - 2/3 by value of Canada – US trade





# Cargo Crime



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- Worldwide problem
  - Growing threat
  - Losses = billions
  - Affects all modes of transportation
  - Affects all players in supply chain
  - Increases costs to industry and ultimately to consumers
  - Increasing use of violence, weapons



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- Low risk, high profit – attractive form of crime
  - Requires a network; well organized criminals

**Cargo crime = Organized crime**

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- The illegal handling of otherwise legal goods carried as cargo includes:
    - Theft
    - Robbery
    - High jacking
    - Smuggling
    - Fraud
    - Low risk, high profit – attractive form of crime
    - Requires a network; well organized criminals

# Challenges

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- Law doesn't differentiate cargo crime with other types of theft

**bicycle theft = trailer theft**

- Penalties do not match seriousness of crime
- Not enough resources deployed
- Lack of standardized reporting
- Low profile with Prov/Fed government
- Carriers do not want to report; lack of success in solving

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## ● Carriers

- Participate in voluntary supply chain security programs
- Educate and train employees to report suspicious activity
- Employ strategies to reduce likelihood of being victimized
- Participate in industry and community outreach
- Encourage greater communication and reporting from others
- Proactively seek to quantify scope of problem; impact

## ● Law Enforcement

- Created programs to train and raise awareness for front line officers
- Telephone tip lines to involve public

## ● Insurance

- Improving data capturing capabilities
- Collaborating with other stakeholders to establish local crime task forces



# Going forward



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## ● Government:

- Redefine “theft” to include “cargo theft”
- Acknowledge ties to organized crime
- Ensure penalties reflect extent and impact of problem
- Allocate sufficient police resources



# Going forward



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## ● All stakeholders:

- Increase opportunities for information sharing
- Develop crime prevention strategies and standardized protocols
- Raise profile of cargo crime through Canadian Association of Chiefs of Police
- Standardized reporting protocols ; CISC ACIIS
- CACP support large scale project; PATT?



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## ● Carriers

- Personnel Security Screening Programs
- Route Risk Assessments
- Corporate Security Management Systems
- Encourage widespread industry participation
- Engage partners in supply chain (CA and USA)

## ● Insurance

- Investigate and expand utilization of IBC software

## ● Law enforcement

- Enhance education and training perhaps through Pipeline/Convoy Program

## Panel Discussion: Risk relationship in action





**Thank you for attending the  
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Connexions Conference**

