

American Institute of Marine Underwriters

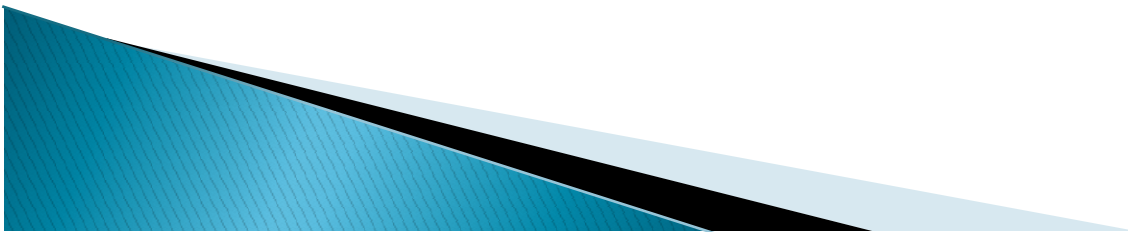
Cargo Loss Prevention Committee

Warehouse Security Presentation

For

Marine Insurance Day 2011

Friday, September 30, 2011



AIMU Cargo Loss Prevention Committee

Moderator: Peter J. Scrobe, CLPC Chairman

Panel: Noreen Graham, Program Chair

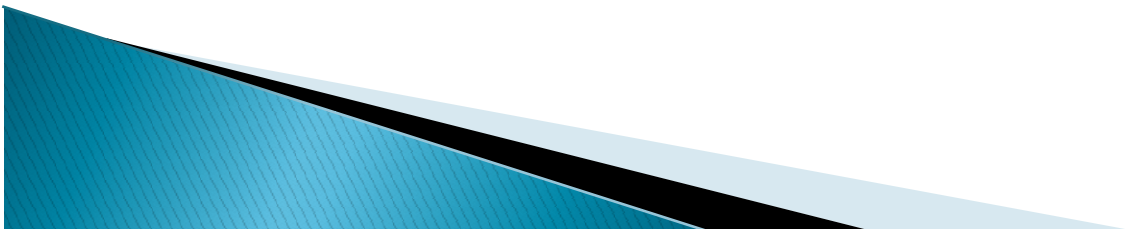
Stephen Feron

Martin West*

Kevin M. Meller*

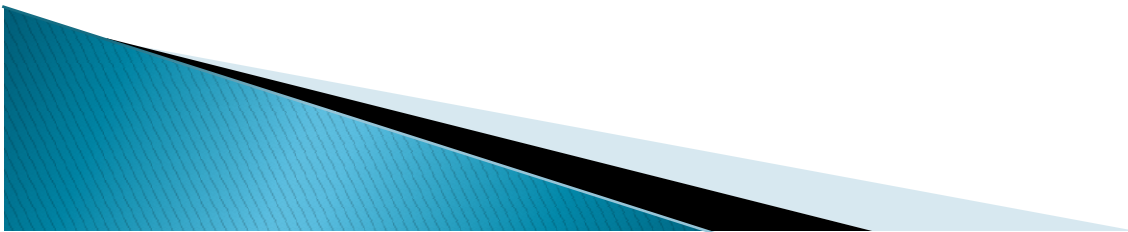
Paula A. Brewer*

* Members of the program unable to attend



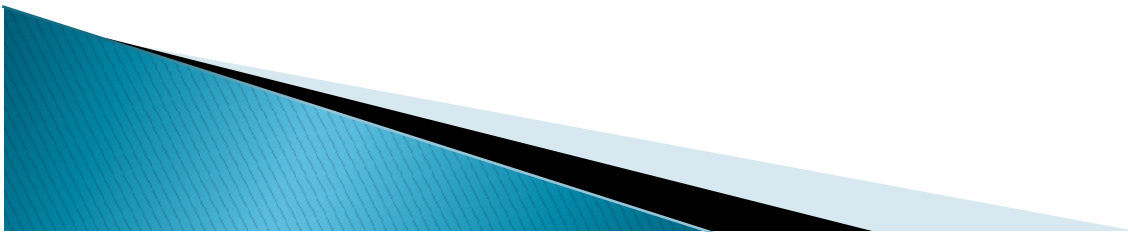
Overview

- ▶ Warehouse thefts comprise 4% to 5% of all cargo thefts annually
- ▶ Average warehouse theft is valued at \$3,800,000
- ▶ Average bank robbery nets \$10,000
- ▶ “shrinkage” – sounds better than theft – Keep people out of areas they don’t belong



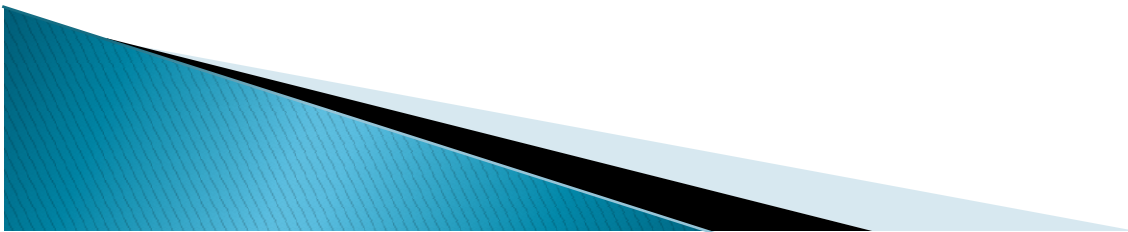
Eli Lilly / GSK

- ▶ 3/14/10 and 8/2/09 respectively
 - ▶ “Mission Impossible” style raid
 - ▶ Stayed for hours
 - ▶ Utilized warehouse’s own equipment
-
- ▶ Lessons Learned? Or non-compliance with industry best practices



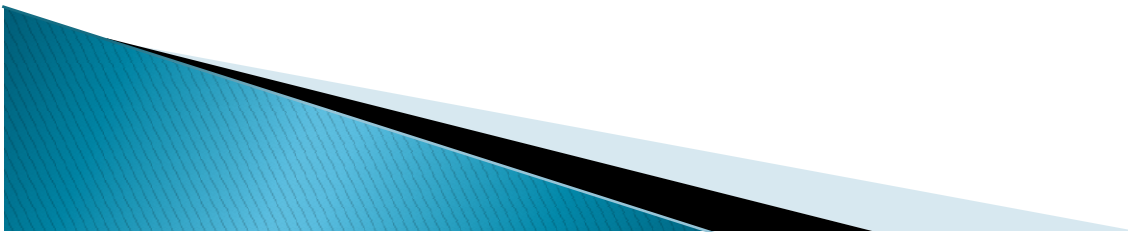
The New Warehouse Thief

- ▶ Extensive Research / Surveillance & Counter Surveillance
- ▶ Distant locations / Economy motels
- ▶ Avoids violence
- ▶ Works around technology
- ▶ Radios / prepaid cell phones
- ▶ Exit Strategy



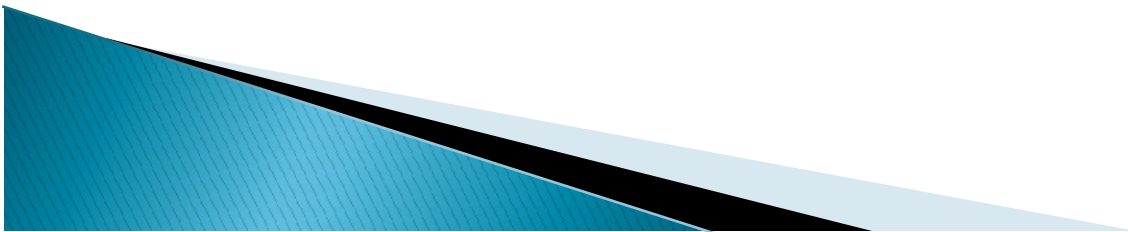
General Warehouse Security Requirements

- ▶ Proper and working alarm system
- ▶ Redundant / back up alarm system
- ▶ Security cage / vault for high value
- ▶ Theft prone items stored high on racks
- ▶ All entrances, exits and vulnerable areas protected by surveillance cameras
 - PTZ (Pan, Tilt, Zoom)
 - MONITORED – constant supervision



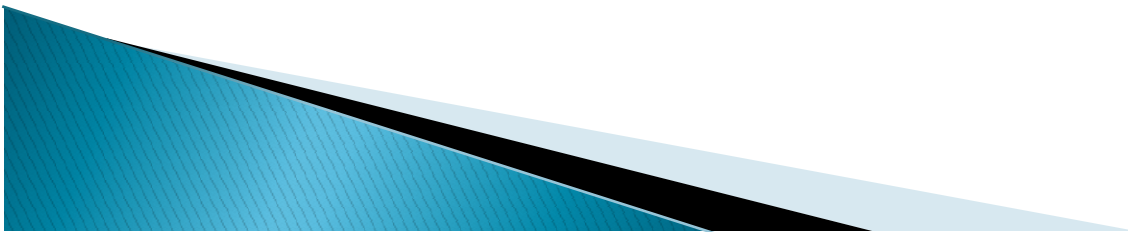
General Warehouse Security Requirements Continued

- ▶ Security guards – 24/7
- ▶ Motion detectors
 - Don't forget above
- ▶ Yard jockeys / forklifts locked, disabled
 - Don't leave the keys in them or on a display board



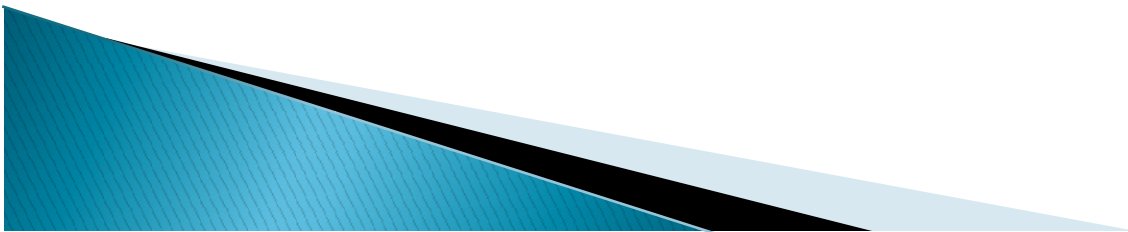
Perimeter Security

- ▶ Chain link Fence
 - At least 8' high
 - 4" of free space under a fence can allow access
 - Away from truck parking, dumpsters etc
- ▶ Illuminated
- ▶ Guard rails
- ▶ Raised barriers / bollards



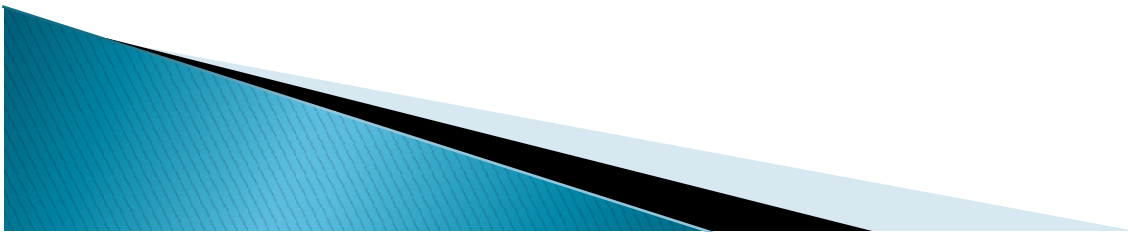
Procedures

- ▶ Vetting of third party maintenance / cleaning staff
- ▶ DOT License checks on drivers before releasing a load
- ▶ All pick ups and deliveries by appointment only
- ▶ Again keep people who don't belong there away from the stock – drivers, employees, contractors



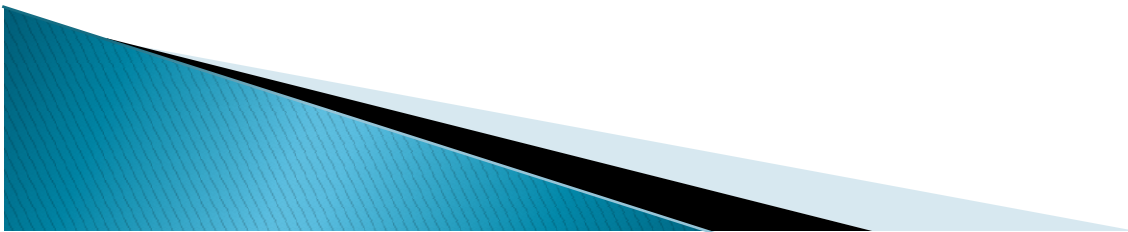
Procedures Continued

- ▶ Shipping documentation to be kept confidential
 - Should NOT be in a location where the casual passer by can determine contents of a particular trailer or container
- ▶ Employee background checks
- ▶ SITE ASSESSMENTS

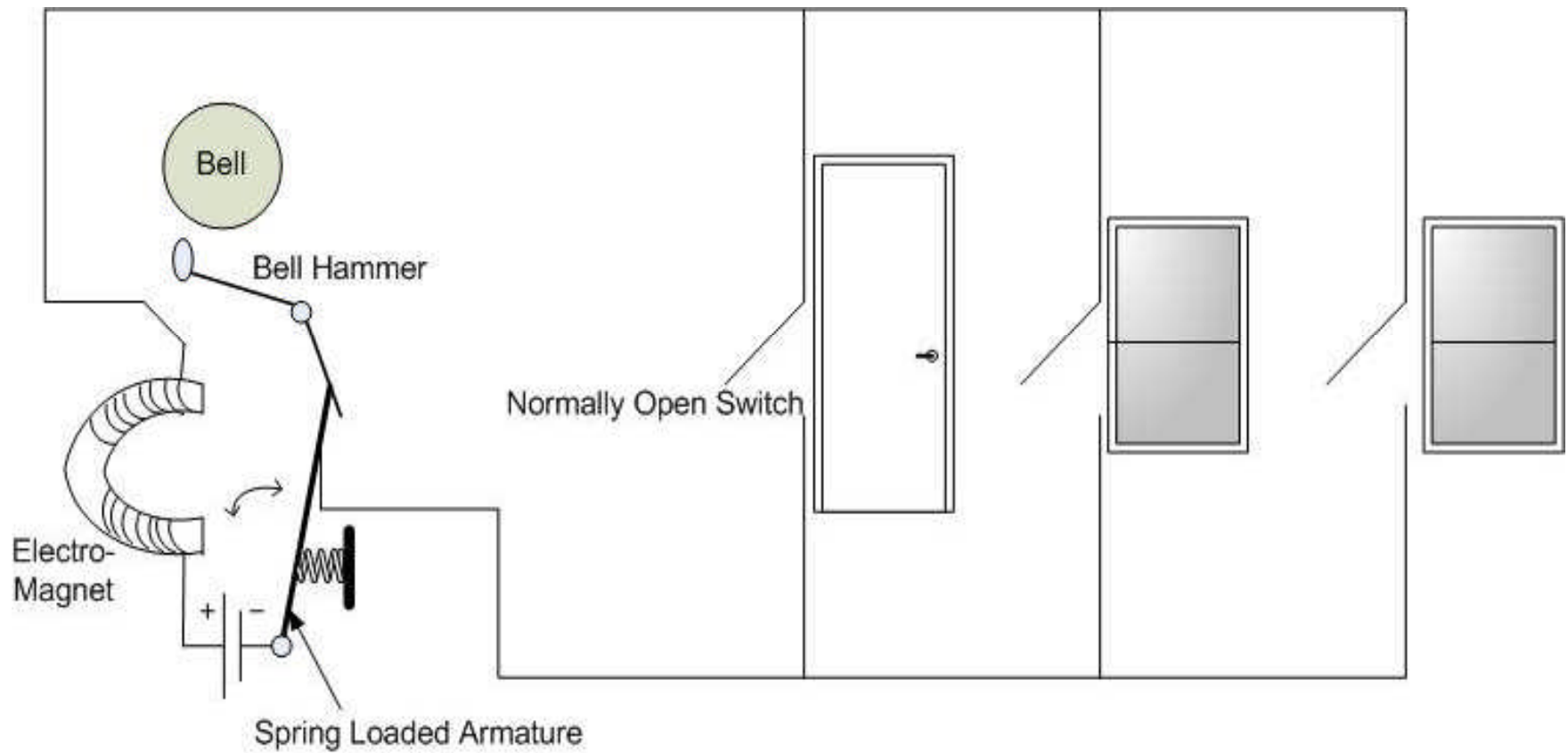


Procedures One More Time

- ▶ Warehouse management should have a rapport with fire and police
- ▶ Restroom, coffee lounge for paperwork while on patrol

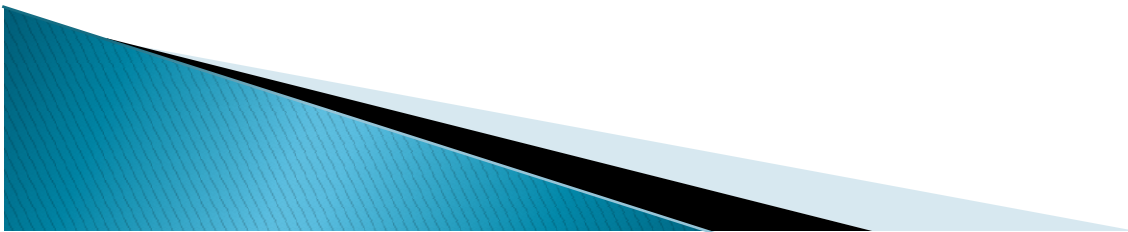


Burglar Alarms



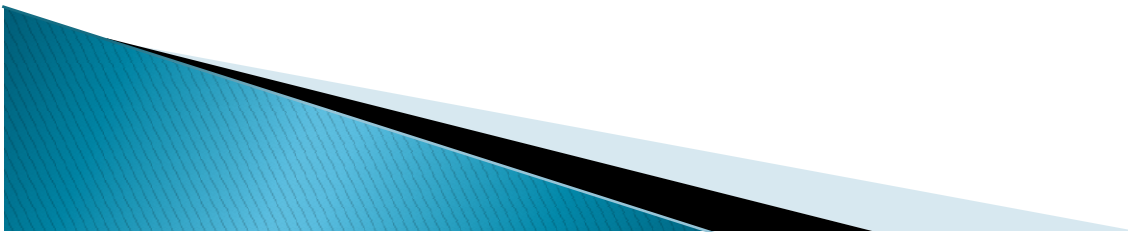
Burglar Alarms

- ▶ Augustus Pope 1853
 - Open circuit. Shutting the door or window silenced the bell
- ▶ Local alarm
- ▶ Police station connection
- ▶ Central Station



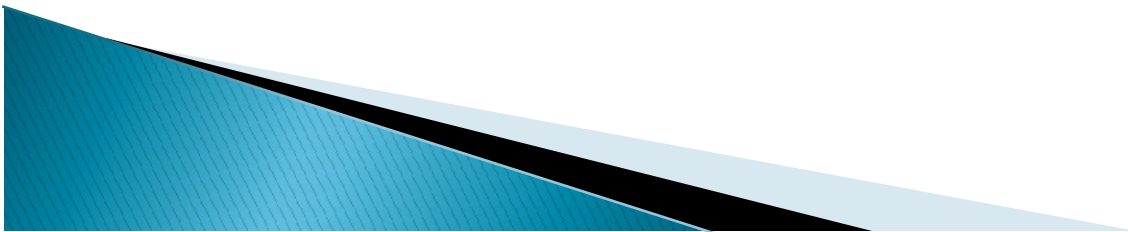
Burglar Alarms

- ▶ to detect the entry or attempted entry of an intruder into a protected facility and signal his presence to others nearby or at a remote location, thus initiating certain procedures intended to prevent or minimize the loss



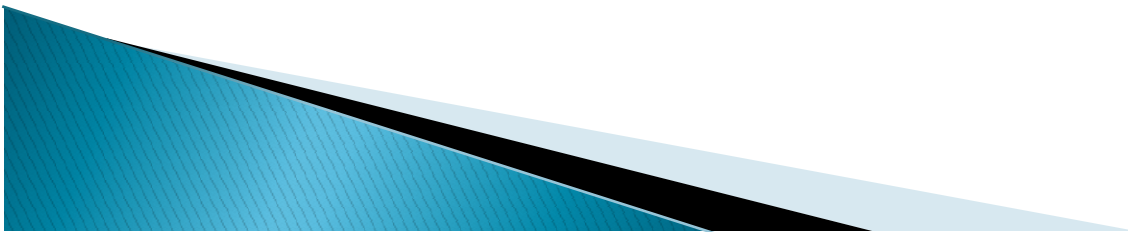
Burglar Alarms

- ▶ Photo Electric Beams
- ▶ Glass break detectors
- ▶ Vibration / Inertia sensors
- ▶ Micro-phonic systems
- ▶ Taut wire fence systems



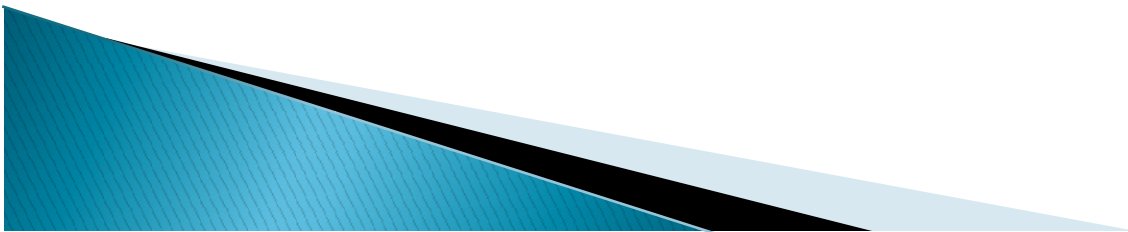
Response protocol

- ▶ Central station to have a representative respond
- ▶ Central station needs to keep trying until they get the specified contact personnel
- ▶ Contingent plans



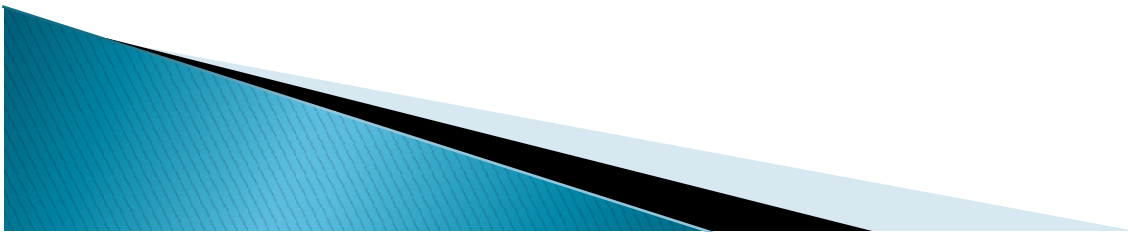
TRANSMISSION SYSTEMS

- ▶ LOOP
- ▶ DIRECT WIRE
- ▶ DIGITAL COMMUNICATORS



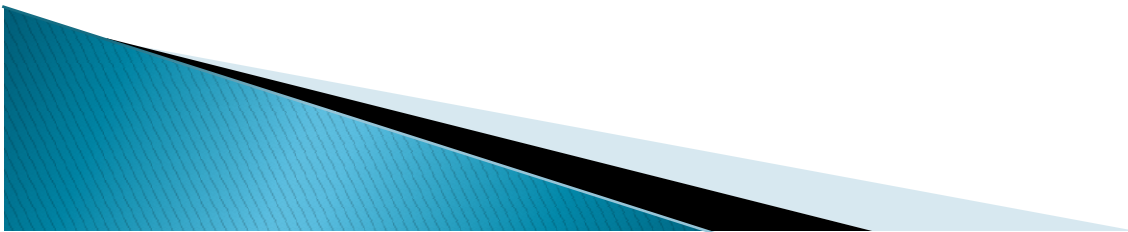
WAREHOUSE / FACILITY CONTROL

- ▶ **Insured Owned Buildings and Property**
 - The owner can install any security system, make physical changes to the interior or exterior of the property and install interior and exterior barriers.



WAREHOUSE / FACILITY CONTROL

- **Leased Buildings and Property**
- Leased buildings or a section of a building, insured's are somewhat limited in what they can do to protect their inventory.
- Alarm systems and CCTV can usually be installed at the insured's expense.
- The lease agreement with the property owner may dictate restrictions on what could be done.
- Installation of interior & exterior fences, gates and barriers may not be possible.



WAREHOUSE / FACILITY CONTROL

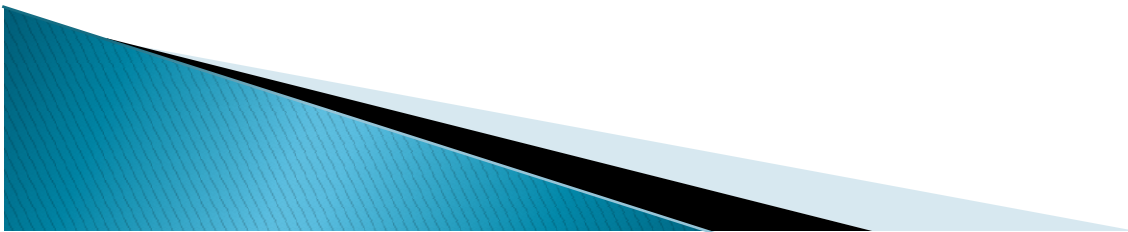
▶ Third Party Warehouses

- In third party warehouse locations the warehousemen should provide security for their clients.
- The economic value of a customer drives the decisions of third party warehouseman on installation and changes to security systems.
- The security of a third party warehouse must be a major factor on an insured using a particular third party provider.



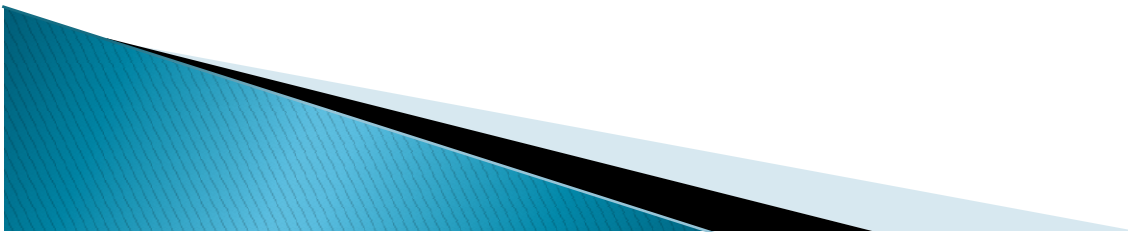
SUMMARY

- ▶ Layers of protection should overlap and integrate
- ▶ Unauthorized entry may be made from any direction
- ▶ Variety of protections designed to detect and/or delay an intrusion



SUMMARY

- ▶ Regular audits to ensure that all measures are operational and effective
- ▶ Regular security surveys with written action plans for all deficiencies



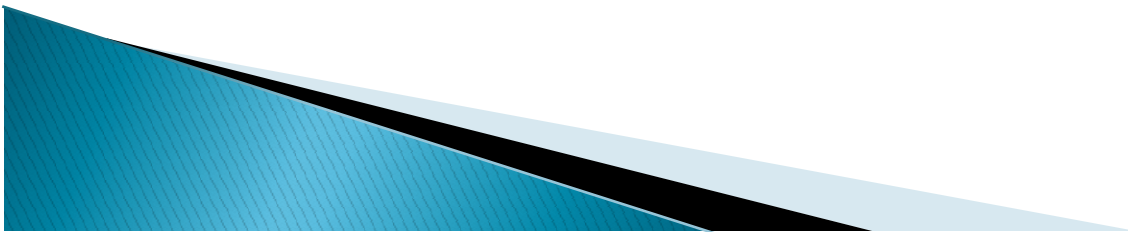
AIMU CLPC Exercise

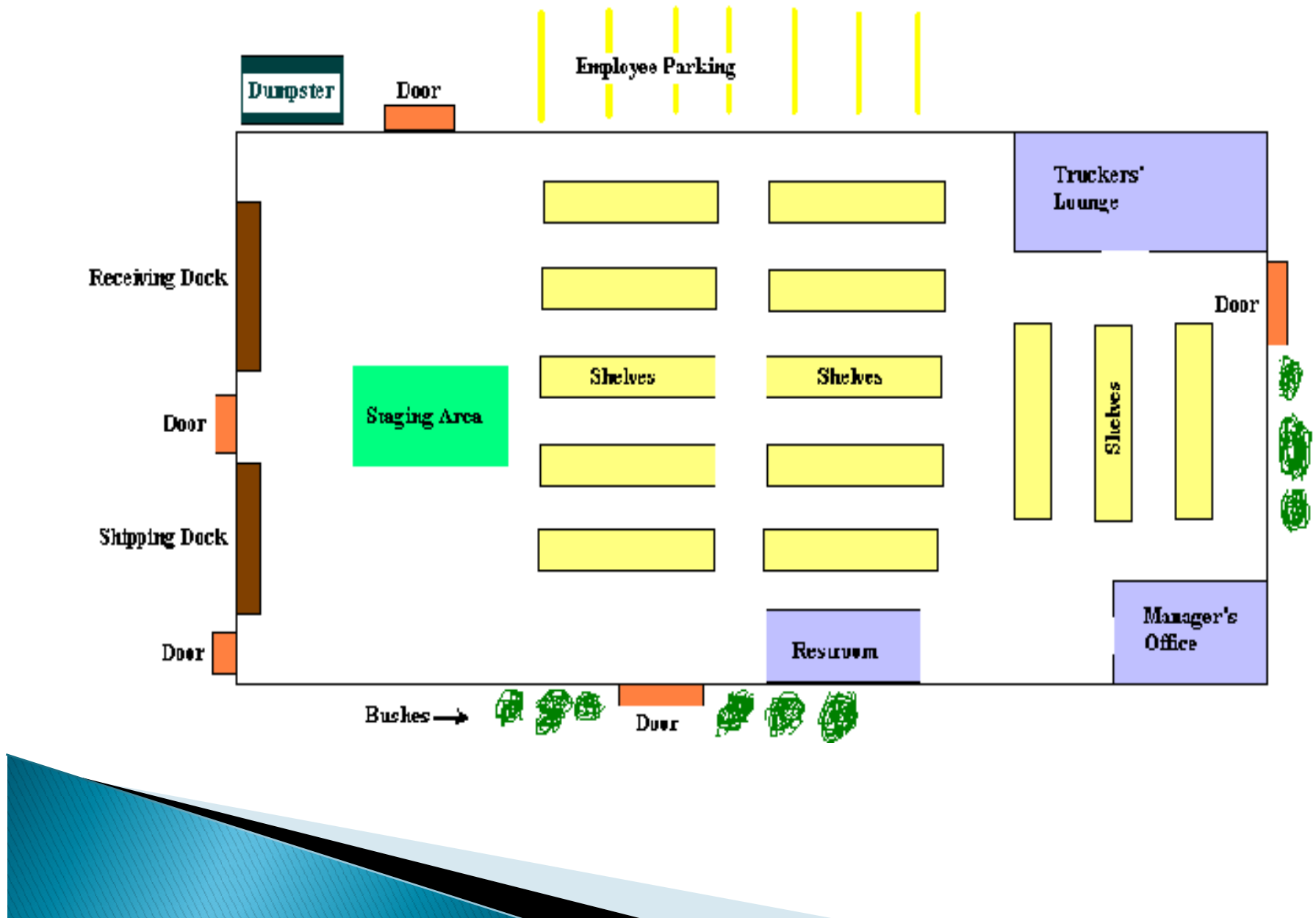
Audience participation required:

The next two slides show a warehouse layout.

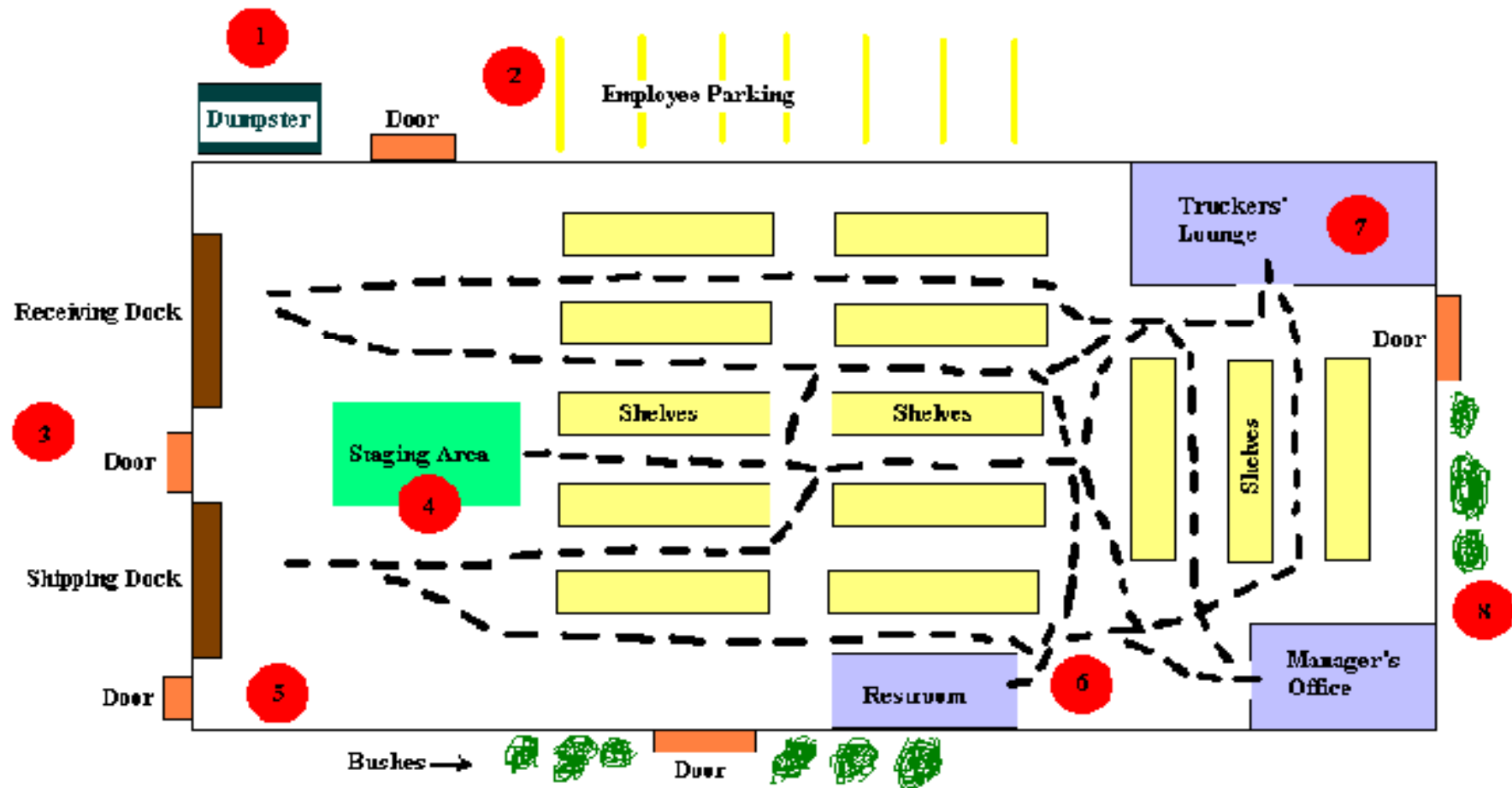
What do you see? What don't you see?

What type of alarms should be installed and where?

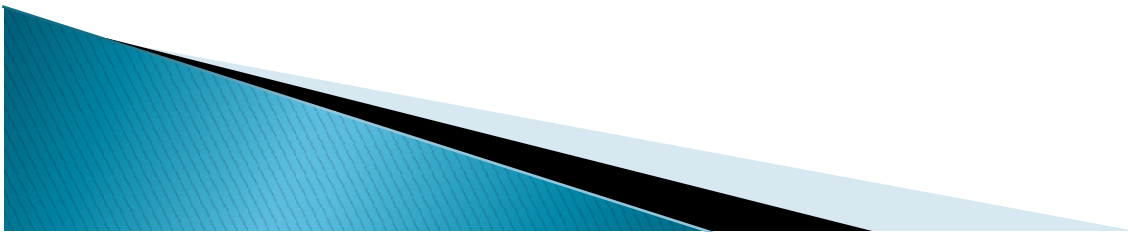




Warehouse floor plan



AIMU Cargo Loss Prevention Committee



AIMU Cargo Loss Prevention Committee

For further information contact:

AIMU Cargo Loss Prevention Committee
c/o AIMU

14 Wall Street, Suite 820,
New York, NY 10005

Or visit our website: www.aimu.org

Thank you!