Trends in Cargo Theft

The cargo theft prevention and recovery network

MARINE INSURANCE DAY 2012
Objective

- Provide a brief overview of:
  - Recent Cargo Theft Trends.
  - Cargo theft problem in the United States.

- Challenges

- Moving Forward

- Q&A
Cargo Theft in America

- Exact size of the problem is difficult to identify due to lack of reporting and fragmented information.
- FBI estimates a multi-billion dollar issue
- Nationwide issue.
- Impacts a wide range of products from apparel and electronics to food and pharmaceuticals.
- Closely related to diversion and counterfeiting.
Cargo Theft in America

Overview

• 1,215 Reported Cargo Theft Incidents in 2011.

• Prepared Food, Electronics, Base Metals, Apparel were the most stolen commodities.

• Most theft incidents occurred between Friday to Monday.

• CA, TX, FL, NJ, IL had the most theft incidents.

• Truck Stops, Warehouses, Parking Lot and Carrier Terminals are where theft mostly took place.

• Most cargo theft incidents consisted of a $100,000 - $1,000,000 loss.
2011 Cargo Theft Incidents

2011 Cargo Theft by Commodity Type

Cargo Theft By State - Top 10

Cargo Theft by Location
In Q2 2012, 85% of the total reported cargo theft incidents were from the Top 10 states.
Q2 2012 Cargo Theft Incidents

Cargo Theft by Location Type

<table>
<thead>
<tr>
<th>Location Type</th>
<th>Q2 2011</th>
<th>Q2 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warehouse / DC</td>
<td>14</td>
<td>41</td>
</tr>
<tr>
<td>Truck Stop</td>
<td>29</td>
<td>37</td>
</tr>
<tr>
<td>Parking Lot</td>
<td>17</td>
<td>34</td>
</tr>
<tr>
<td>Carrier / Terminal Lot</td>
<td>14 14</td>
<td>14</td>
</tr>
<tr>
<td>Secure Yard</td>
<td>10</td>
<td>9 9</td>
</tr>
<tr>
<td>Other</td>
<td>3 3</td>
<td>9 9</td>
</tr>
<tr>
<td>Unsecured Yard</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Drop Lot</td>
<td>20</td>
<td>5</td>
</tr>
<tr>
<td>Side of Road</td>
<td>5 5</td>
<td>8 8</td>
</tr>
<tr>
<td>En Route</td>
<td>15</td>
<td>1 2</td>
</tr>
<tr>
<td>Rail Yard</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>
Q2 2012 Cargo Theft Incidents

*Evident Weekend Trend*
Q2 2012 Cargo Theft Incidents

**Cargo Theft by Quarter**

- Q1 2011: 196
- Q2 2011: 205
- Q1 2012: 302
- Q2 2012: 251

**Cargo Theft by Month**

- Jan 2012: 110
- Feb 2012: 80
- Mar 2012: 90
- Apr 2012: 100
- May 2012: 80
- Jun 2012: 60

The cargo theft prevention and recovery network
• Prepared food and beverage products were the most stolen commodity on Q2 2012.

• Food, base metals, electronics, apparel, and plastic and rubber products represented 63% of all commodity types reported stolen in Q2 2012, versus 73% in Q1 2012.
Q2 2012 Cargo Theft Incidents

Percentage of Cargo Theft by Loss Value

<table>
<thead>
<tr>
<th>Loss Value</th>
<th>Q2 2011</th>
<th>Q2 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1M+</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>$100K - $1M</td>
<td>18%</td>
<td>20%</td>
</tr>
<tr>
<td>$50K - $100K</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>$10K - $50K</td>
<td>17%</td>
<td>18%</td>
</tr>
<tr>
<td>$0 - $10K</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Unknown</td>
<td>48%</td>
<td>45%</td>
</tr>
</tbody>
</table>

The cargo theft prevention and recovery network
Cargo Theft Challenges

- Cargo Thieves are highly sophisticated and organized
- The use of analytics can help identify theft trends and patterns
- Penalties for cargo thieves are not stringent enough
- Remain a problem, data support detail will help lobbyist
- Victims are hesitant to report thefts: fear of insurance costs or brand
- Masking victims data will encourage faster reporting
- Lack of collaboration and information sharing is fragmented
  - Information sharing provides pro activity via theft, suspicious/fraud alerts.
- Inability to identify appropriate law enforcement contacts
  - CargoNet’s LE tentacles exceeds 10,000 and growing
- Limited awareness and training at the driver level
  - Educate personnel through best tips/practices, podcasts, video’s etc.
Cargo Theft Challenges

- Lack of consistent reporting both from LE and Industry
- Government UCR- **Voluntary program**

- Inconsistencies from State to State
  - State of incident or loss will determine reporting procedures
  - States UCR Coordinators interpretations of qualifying statues or laws
  - Statutes: Part I vs. Part II
    - Crimes and their variations

- The government seeks to measure economic loss
Moving Forward

• Centralized and Standardized Reporting nationwide

• A secure, national alert system that is integrated with police systems

• Significant Public and Private Partnership

• Cargo Crime Law Enforcement training and awareness
Thank You

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