American Institute of Marine Underwriters

Cargo Loss Prevention Committee

Warehouse Security Presentation

For

Marine Insurance Day 2011

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AIMU Cargo Loss Prevention Committee

Moderator: Peter J. Scrobe, CLPC Chairman

Panel: Noreen Graham, Program Chair
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  * 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 items
- 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-phonnic 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.
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
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Thank you!