

COMBATING CARGO THEFT

**AAPA SECURITY & SAFETY SEMINAR
JULY 28, 2005
EAST RUTHERFORD, NJ**

Presentation Themes

■ Three Disclaimers

– Intent:

- “Who would like to provide questions for my answers?”
(Henry Kissinger)

– Content:

- Never let the facts get in the way of a good story.

– Extent:

- “A little knowledge is a dangerous thing.” (Alexander Pope)

Objectives

- Discuss insurance in general
- Talk about cargo theft dynamics
- Identify inherent conflicts of interest
- Provide manifestations of these conflicts
- Explore possible solutions

The Insurance “Market”

■ Overriding Reality

- How we perceive risk colors the way we plan for it, react to it, and deal with it
- Where do we sit on the risk continuum?

■ Defining Moments

- Hard market vs. Soft market
- Availability heuristic
- Law of numbers: large or small
- Zero sum or win-win

Cargo Theft Dynamics

- Unintended Consequences
 - Historical perspective
 - “Five to one, baby, one in five, no one here gets out alive..”
(The Doors)
 - Post 9/11 paradox
- Site Hardening
- CAR = CAR
 - Caveats
 - Relative assessment
 - Protected state

Trends

- Commodities
 - S.O.S.
- Locations
 - Target-rich environments
- Days of Week
- Modus Operandi
 - Loads Stolen from unsecured facilities
 - Telltale signs
 - hanging garments
 - lobster tails
 - company seal

Solutions

- Ranking Vulnerabilities
- Interactive & Iterative
- Quantitative Approach to Qualitative Issue
- Technology
 - Security seals
 - vulnerability
 - Tracking systems
 - reliability
 - conveyance or cargo
 - RFID
 - viability (commercial)

Conflicts of Interest

<u>Constituent</u>	<u>Mantra</u>	<u>Metric</u>
Shipper	Speed	"Time to Market"
Carrier or Intermediary	Efficiency	Resource Deployment
Insurer	Safety	Asset Protection
Government	Security	Compliance

Conflict Manifestation

- Just-in-Time/Just-in-Case
- Logistical Models
- Standards of Care
- Shipment Transparency
- Policy Warranties

Wrap-Up

- Thank you
- Questions?

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