

National Cargo Theft Reporting Program

Insurance Bureau of Canada and the Canadian Trucking Alliance

THE PROBLEM

- Cargo theft has become a significant problem in transportation hubs such as southern Ontario, Vancouver and Montreal. As recently as September 2013, the issue made headlines with the theft of a trailer containing 40,000 pounds of beef stolen from a lot in Ancaster, Ontario.
- Cargo crime covers a number of criminal acts including theft, fraud and hijacking. It is also linked to smuggling and national security threats. Cargo that is stolen and sold in illegal markets, shifts revenues from legitimate businesses to criminals and depletes tax revenues.
- A **low-risk, high-reward** crime, cargo theft **often goes unreported**, allegedly due to fear of damaged reputation, negative impact on business and customer confidence, increased insurance premiums and other reasons. This makes property recovery and prosecution of cargo thieves more challenging.
- A May 2011 study commissioned by the Canadian Trucking Alliance pegs the cost of cargo crime at **\$5 billion a year**, and links cargo theft to **organized crime**, which uses the proceeds of cargo theft to fund activities such as gun and drug smuggling.

IMPLICATIONS

- Cargo-related theft is increasing. Cargo theft is very different from other property and casualty losses because it often involves substantially higher deductibles and multiple insurers per load. Also, the stakes are higher: the stolen vehicles and goods are of high value and more difficult to locate and identify.
- Cargo theft affects the local and Canadian economies, the trucking industry, the retail sector, insurers and law enforcement resources.
- Cargo theft involves a sophisticated network of criminals who commit the thefts and distribute the stolen goods. Well-organized systems are in place to move the products for quick sale in the underground economy. Often the products are parcelled out and sold well before the theft is reported.
 - Example: A load of T-shirts is stolen at 3 a.m. in Brampton, Ontario. Five hours later, half of the load is being offered for sale at a flea market in Port Elgin, Ontario, while the other half is being trucked to Los Angeles for shipment to India. The theft gets reported at 9 a.m. during a yard check.

ACTION ON CARGO THEFT

- In 2011, in partnership with member insurers and the Canadian Trucking Alliance, IBC Investigative Services began a **pilot reporting project** to collect, analyze and share cargo loss information with law enforcement (primarily in Ontario and Quebec). This was an important first step in gathering consistent information on these crimes.
- Carriers reported uniform information of cargo theft to the Canadian Trucking Alliance and IBC. Member insurance companies also reported losses to IBC. The pilot resulted in several recoveries of trailers along Highway 401 as well as recoveries of loads of frozen food, beer and over \$80,000 worth of non-perishable goods that had not yet been reported stolen.
- IBC is now expanding the cargo reporting program – with an improved process – across Canada, making it available to all insurance companies as well as the members of various trucking associations. Insurers can now immediately submit cargo loss details to IBC through an online form on ibc.ca for capture in a national database. The information will be added to a cargo notice report that IBC will promptly distribute to local and national law enforcement, including Canadian and American border agencies. IBC can search all reported national occurrences of cargo theft on behalf of law enforcement to help promptly identify recovered property.

ADDITIONAL IBC INITIATIVES TO FIGHT CARGO THEFT:

- Establish a Cargo Theft Working Group with representatives from the insurance industry and key law enforcement agencies currently dealing with cargo crime;
- Continue liaising with the Canadian Trucking Alliance and promote uniform reporting;
- Continue participation in joint initiatives related to training and education for insurers, the public and law enforcement;
- Incorporate cargo and heavy equipment knowledge into training programs for police recruits;
- Expand working relationships with cargo crime units;
- Expand the Provincial Auto Theft Networks (see separate briefing report) and continue law enforcement training on cargo crime;
- Prepare crime analysis reports including loss patterns for law enforcement;
- Future consideration of the expansion of the program with the objective of creating a database available 24/7 to law enforcement; and
- Expand the database to include data from law enforcement agencies on losses.