AIMU MICA SEMINAR MARINE INSURANCE GLOBAL PERSPECTIVE

Marc-Alexander Friedrich, LL.M.
Reck & Co. GmbH
New York, 22th June 2018

RECK&CO.

CARGO THEFT IN GERMANY

FACTS, SOLUTIONS AND CHANCES FOR A SUCCESSFUL RECOVERY

CONTENT

1. Introduction to the general problem and some geographical aspects
2. Facts, numbers and problems connected to statistics
3. Freeways, highways, parking, reasons for parking at lay-bys
4. Safe parking areas in Germany
5. First hand information from recent cases
6. Technical solutions
7. Legal aspects and recovery against carriers

(1) INTRODUCTION TO THE GENERAL PROBLEM

> Anything new ? The value of transported goods and its attraction to offenders

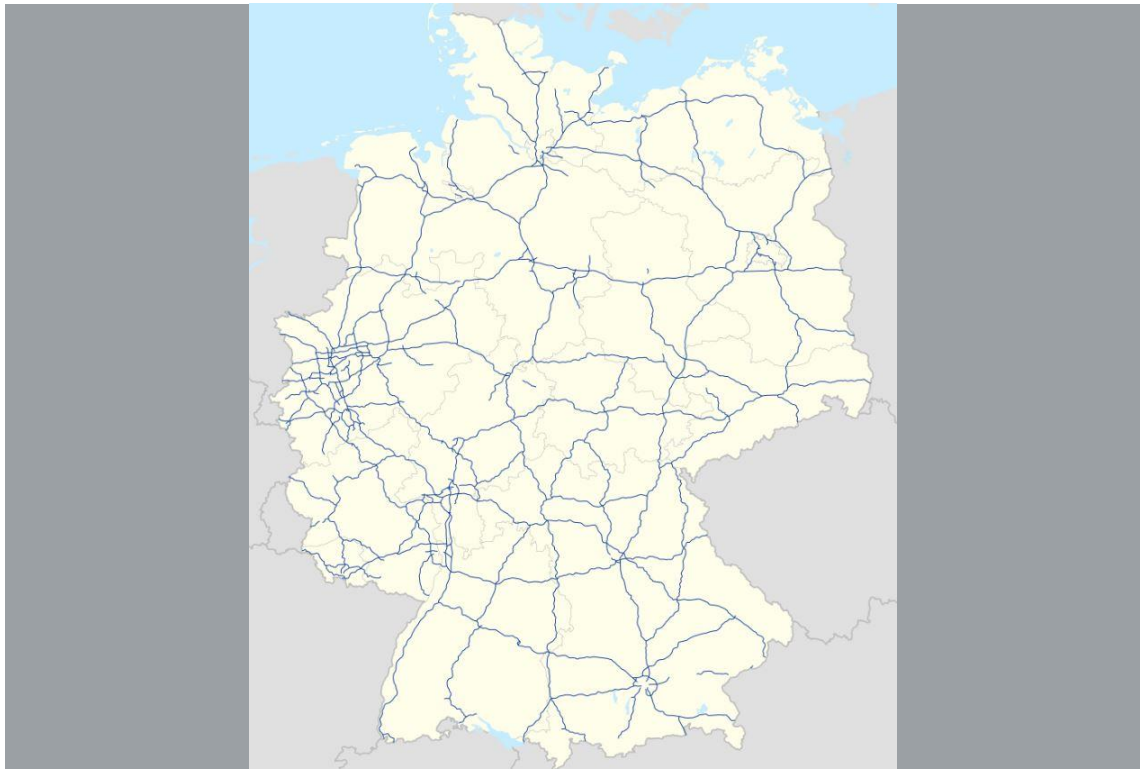
> Modern logistic concepts keep costs for warehousing at a minimum – cargo deliveries just in time are widely spread on the market. As a consequence the road substitutes to some extend the role of the warehouse

> Well organized criminal structures stand behind the thief gangs and Police reports say that thieves from an Eastern European country are “earning“ EUR 1 000 per working day (whereas monthly average income in Eastern Europe can be at EUR 1 000)

(1) INTRODUCTION TO THE GENERAL PROBLEM

Geographical Situation in Germany

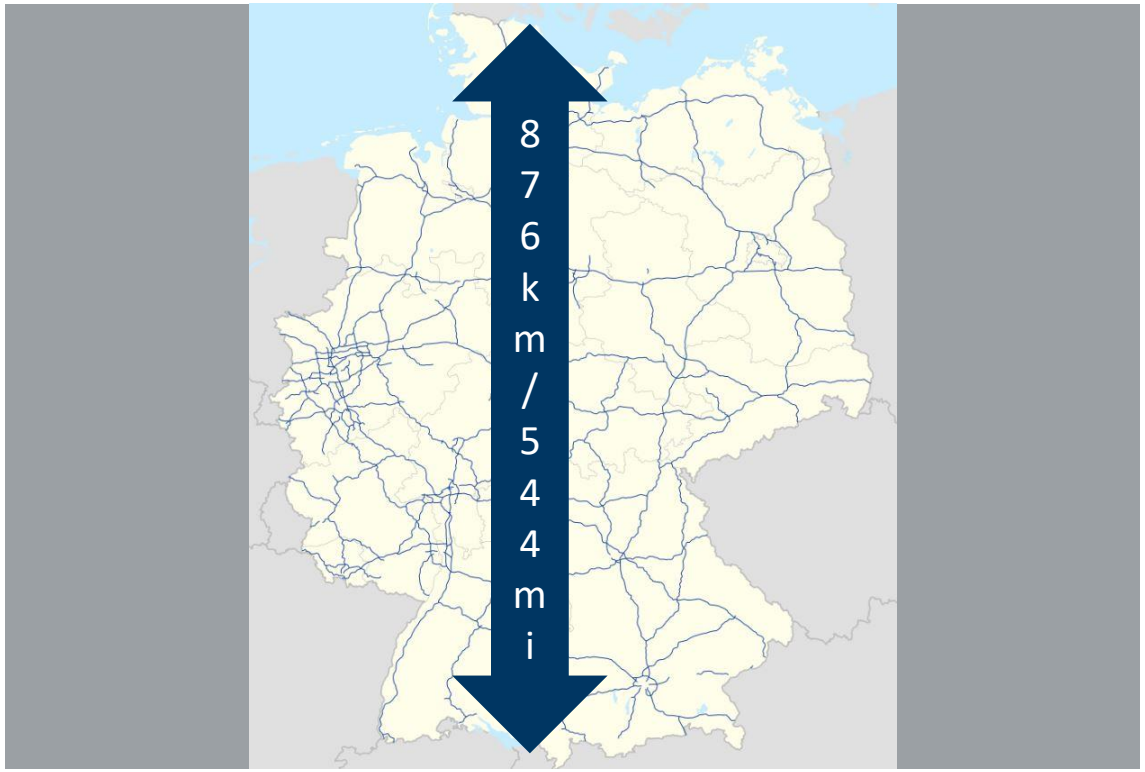
> Germany has 9 neighbor states (B, NL, DK, PL, CZ, AT, CH, F, LUX)
> 8 074 miles (12.993 kms) freeway (see photo)
> 23 800 miles (38.303 kms) federal highways
> 143 536 miles (231.000 kms) regional roads / streets outside cities and villages



(1) INTRODUCTION TO THE GENERAL PROBLEM

Geographical Situation in Germany

> Germany has 9 neighbor states (B, NL, DK, PL, CZ, AT, CH, F, LUX)
> 8 074 miles (12.993 kms) freeway (see photo)
> 23 800 miles (38.303 kms) federal highways
> 143 536 miles (231.000 kms) regional roads / streets outside cities and villages



(1) INTRODUCTION TO THE GENERAL PROBLEM

Geographical Situation in Germany

> Germany has 9 neighbor states (B, NL, DK, PL, CZ, AT, CH, F, LUX)
> 8 074 miles (12.993 kms) freeway (see photo)
> 23 800 miles (38.303 kms) federal highways
> 143 536 miles (231.000 kms) regional roads / streets outside cities and villages

(1) INTRODUCTION TO THE GENERAL PROBLEM

> Germany and its close net of freeways and highways is a first class transit country

> Germany is the home of a large number of different manufacturers, logistic companies, not to forget the ports of Hamburg and Bremerhaven, therefore a large quantity of cargo is transported within Germany (72 % cargo by truck)

> Many countries around Germany are members to the Schengen Treaty so that there is no border protection or police / customs check at the border

> Eastern European Expansion of the EU led to an increase of thefts on German roads

CONTENT

1. Introduction to the general problem and some geographical aspects
2. Facts, numbers and problems connected to statistics
3. Freeways, highways, parking, reasons for parking at lay-bys
4. Safe parking areas in Germany
5. First hand information from recent cases
6. Technical Solutions
7. Legal aspects and recovery against carriers

(2) FACTS, NUMBERS AND PROBLEMS CONNECTED TO STATISTICS

- Are the numbers and statistics about cargo theft in Germany accurate or is there a dark figure ?

- The German Police and the crime statistic / 2 different investigation systems
  - State Office of Criminal Investigation (LKA) and
  - Federal Office of Criminal Investigation (BKA)

- Theft of transported cargo was until now never a separate rubric in the crime statistic

- Drivers and insurers from abroad are reluctant to report to German Police

(2) FACTS, NUMBERS AND PROBLEMS CONNECTED TO STATISTICS

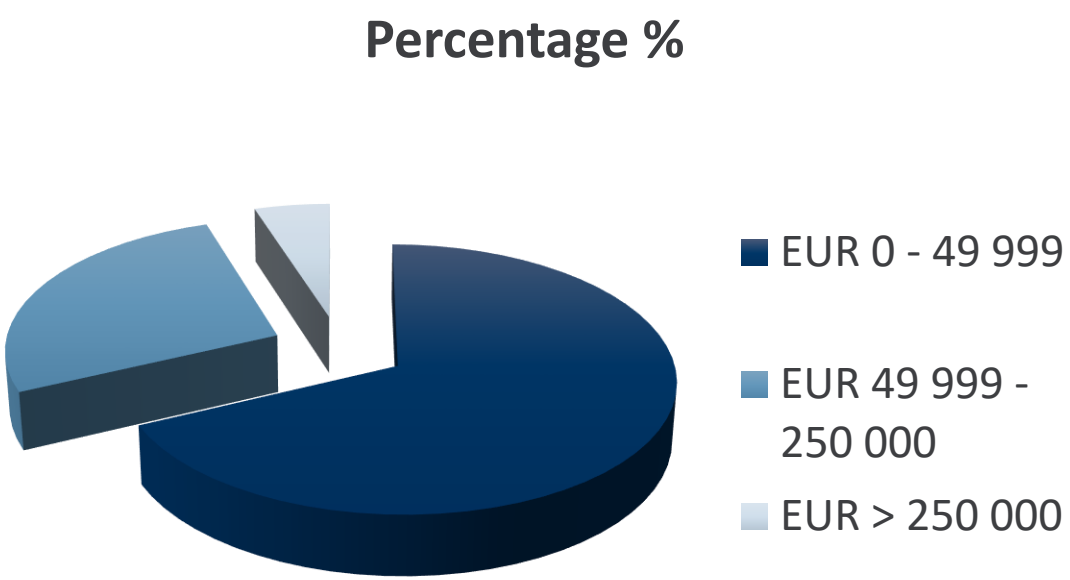
> Many initiatives to combat cargo theft were started, inter alia the Federal Ministry of Transport founded a Working Group called “SECURITY“

> Also the Federal Office for Goods Transport (BAG) started a new initiative – they will provide financial aid to German freight forwarders/ carriers if they prove that they used a secured parking area (fenced, cameras, etc.)
  - Refund 80 % of parking charges,
  - max. per vehicle / a year: EUR 2.000
  - Total cap EUR 33 000 per year

(2) FACTS, NUMBERS AND PROBLEMS CONNECTED TO STATISTICS

- According to an official report of the Federal Office for Goods Transport (BAG, Bundesamt für Güterverkehr, Market Observation, February 2018):
  - **26 000 theft cases** = roughly 0.009% all truck transports in Germany were affected
  - **EUR 1.3 bn** cargo thefts during transportation
  - **EUR 0.9 bn** further connected / consequential damages
    - Penalties for non-deliveries
    - Costs for replacing the stolen cargo asap
    - Repair of vehicles that were involved in the theft.

(2) FACTS, NUMBERS AND PROBLEMS CONNECTED TO STATISTICS



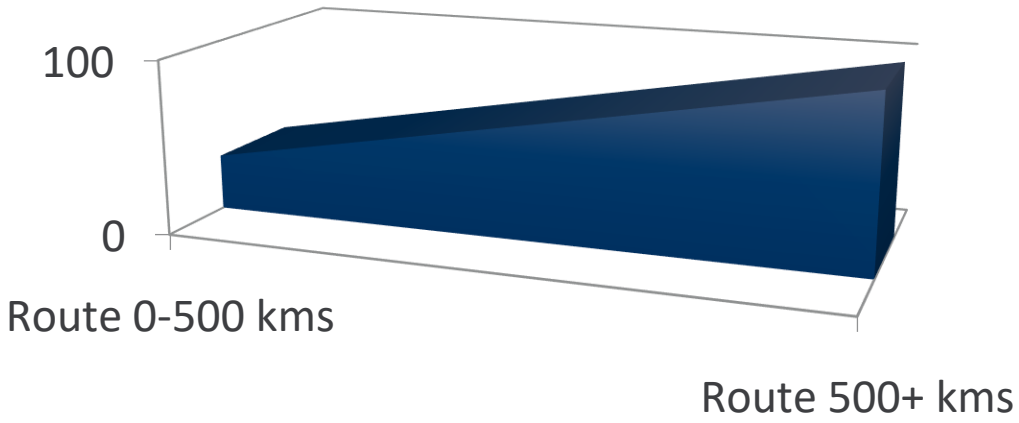
Amount of claim

> 68 % of all cargo thefts in region between EUR 0 and 49 000 EUR

> 27 % of all cargo thefts in region between EUR 49 000 and 250 000 EUR

> 5 % of all cargo thefts in region above EUR 250 000

(2) FACTS, NUMBERS AND PROBLEMS CONNECTED TO STATISTICS



Length of transport route and theft risks

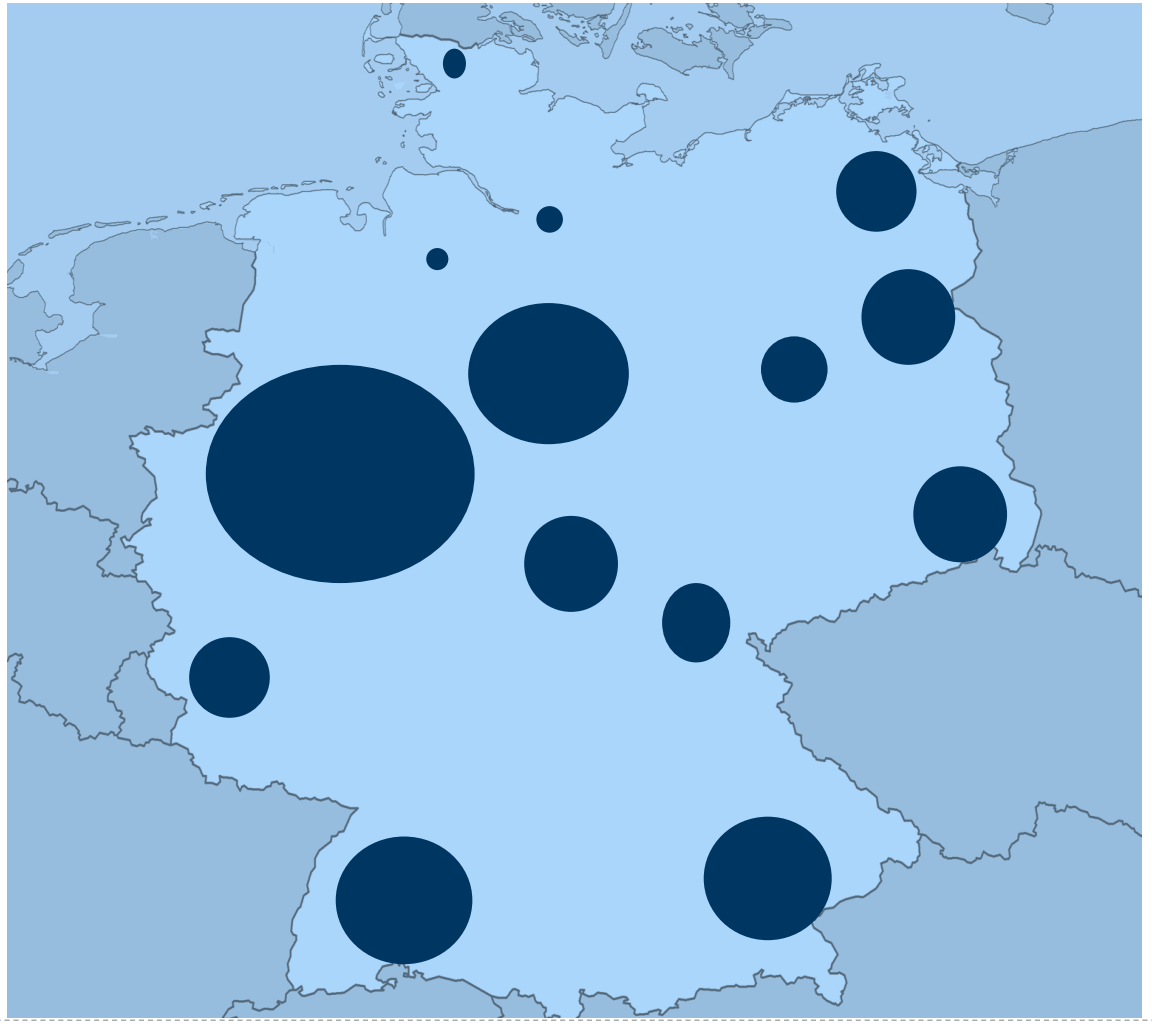
Analysis of theft data reveals that the risk of theft increases in relation to the distance of the transport route – statistics are divided into

> routes below 500 km and
> routes above 500 km

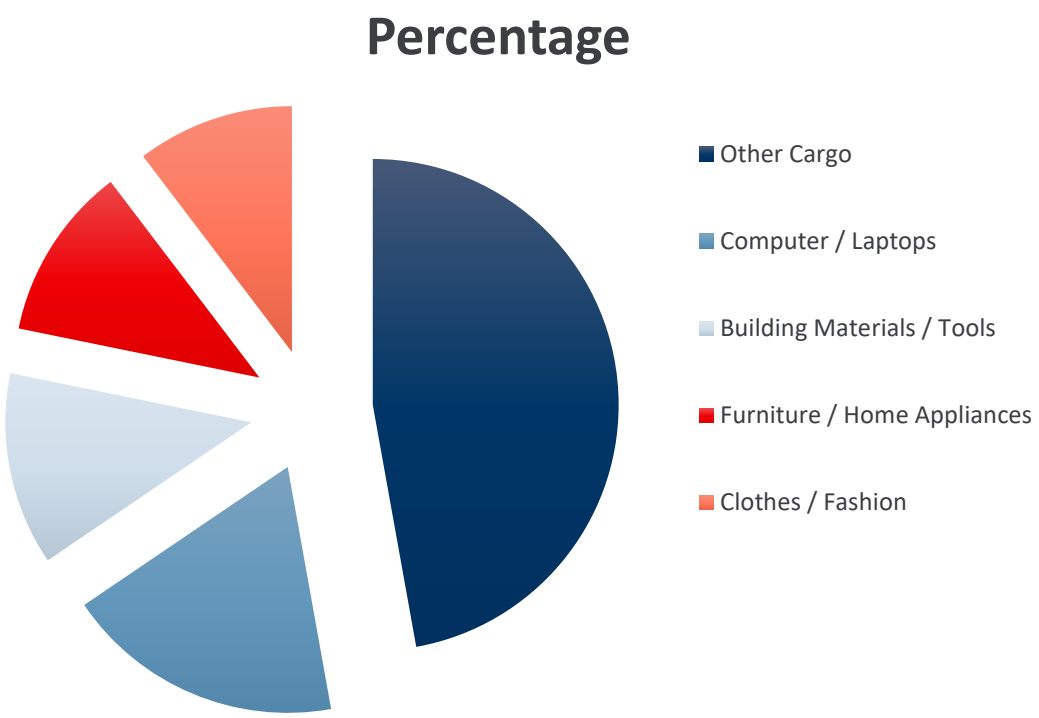
(2) FACTS, NUMBERS AND PROBLEMS CONNECTED TO STATISTICS

Cargo theft areas - Ranking by states

1. North Rhine-Westphalia
2. Lower Saxony
3. Bavaria
4. Baden-Wurttemberg
5. Hesse
6. Brandenburg
7. Mecklenburg-Vorpommern and Rhineland-Palatinate
8. Saxony Anhalt,and Thuringia



(2) FACTS, NUMBERS AND PROBLEMS CONNECTED TO STATISTICS

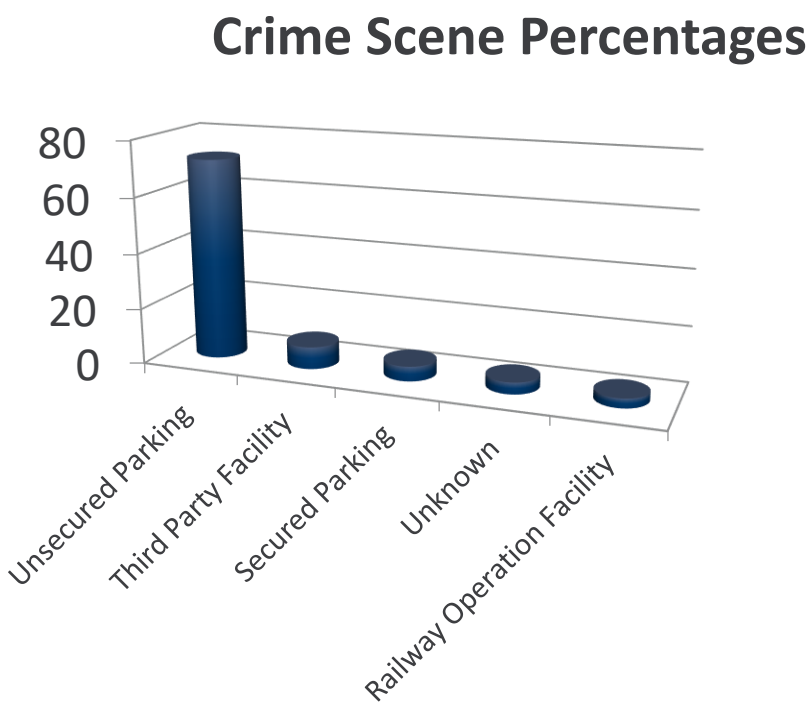


Cargo theft product ranking

1. Other Cargo
2. Computer / Laptops
3. Tools / Building Materials
4. Furniture / Home Appliances
5. Clothes / Fashion
6. Foods
7. Metal
8. Cosmetics
9. Car Parts

(BAG – Market Observation 2018)

(2) FACTS, NUMBERS AND PROBLEMS CONNECTED TO STATISTICS

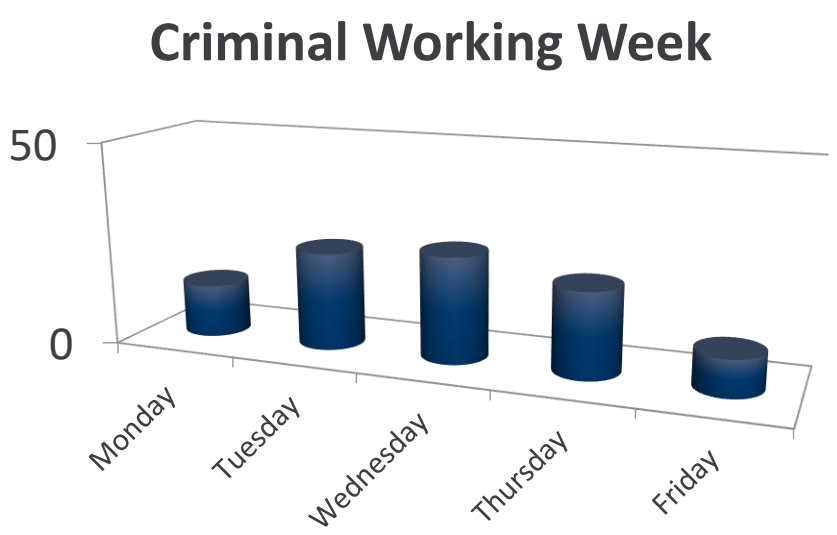


Crime Scene Ranking

1. Unsecured Parking (72%)
2. Third Party Facility (8%)
3. Secured Parking (5.3%)
4. Unkown (4.2%)
5. Railway Operation Facility (3.4%)

(TAPA 2017)

(2) FACTS, NUMBERS AND PROBLEMS CONNECTED TO STATISTICS



Criminal Working Week at Parking Areas

1. Wednesday 26 %
2. Tuesday 24 %
3. Thursday 21 %
4. Monday 13 %
5. Friday 9 %
6. Saturday 4 %
7. Sunday 2 %

(Freeway Police Leipzig, cut tarpaulin side of truck)

(2) FACTS, NUMBERS AND PROBLEMS CONNECTED TO STATISTICS

> The majority of cases are classic theft cases **+70%** (Thieves applied violence against the driver in only **4.2 %**)

> Modus operandi of offenders
  > Use of devices like jammer to create radio-frequency interferences
    Mobile phones on the parking area do not work any longer – even police frequency is affected
  > Immediate transport to warehouses abroad/ distribution via internet

CONTENT

1. Introduction to the General Problem and some geographical aspects
2. Facts and Numbers and problems connected to statistics
3. Freeways, highways, parking areas, parking at lay-bys
4. Safe Parking Areas in Germany
5. First hand information from recent cases
6. Technical Solutions
7. Legal aspects and Recovery against carriers

(3) HIGHWAYS, PARKING AT HIGHWAYS, REASONS FOR PARKING AT LAY-BYS

Typical situation at a parking area

> Many truck parking areas at the german freeways are overcrowded

> Particularly Friday / Saturday evenings because of the truck driving restrictions / driving bans for all trucks with a weight of over 7.5 t

(3) HIGHWAYS, PARKING AT HIGHWAYS, REASONS FOR PARKING AT LAY-BYS

Warning at parking areas in Germany

> … Stopp to Theft

Do not leave valuables inside your car !

Lock your car !

> These warning shields are placed at hotspots, i.e. parking areas where thefts regularly occur

CONTENT

1. Introduction to the General Problem and some geographical aspects
2. Facts and Numbers and problems connected to statistics
3. Freeways, Highways, Parking Areas, Parking at lay-bys
4. Safe parking areas in Germany
5. First hand information from recent cases
6. Technical Solutions
7. Legal aspects and Recovery against carriers

(4) SAFE PARKING AREAS IN GERMANY

> There is a dispute about the numbers of safe parking areas in Germany

> There is also dispute about the definition of a safe parking area since a unique definition is lacking

> The Association of German Parking Areas says that they have 21 certified safe parking areas

> ESPORG European Safe Parking Organisation lists only 1 parking area as a secured parking area

(4) SAFE PARKING AREAS IN GERMANY

IRU Safe Parking 24 guarded and video surveillance

> IRU lists only 4 safe parking areas with 24hrs guarded service and video surveillance

(Map IRU)

(4) SAFE PARKING AREAS IN GERMANY

IRU Safe Parking 24 guarded

> IRU lists far more safe parking areas for Germany with 24hrs guarded service

(Map IRU)

(4) SAFE PARKING AREAS IN GERMANY

Impressions from a IRU Safe Parking 24 hrs guarded

> Exit

(4) SAFE PARKING AREAS IN GERMANY

Impressions from a IRU Safe Parking 24 hrs guarded

> Exit area secured by barriers

(4) SAFE PARKING AREAS IN GERMANY

Impressions from a IRU Safe Parking 24 hrs guarded

> Exit area, next to barriers

(4) SAFE PARKING AREAS IN GERMANY

Impressions from a IRU Safe Parking 24 hrs guarded

> Public parking area, next to safe parking area

(4) SAFE PARKING AREAS IN GERMANY

Impressions from a IRU Safe Parking 24 hrs guarded

> Distance between public parking area to to safe parking area

(4) SAFE PARKING AREAS IN GERMANY

Impressions from a IRU Safe Parking 24 hrs guarded

> Entry to safe parking area

CONTENT

1. Introduction to the General Problem and some geographical aspects
2. Facts and Numbers and problems connected to statistics
3. Freeways, Highways, Parking Areas, Parking at lay-bys
4. Safe Parking Areas in Germany
5. First hand information from recent cases
6. Technical Solutions
7. Legal aspects and Recovery against carriers

(5) FIRST HAND INFORMATION FROM RECENT CASES

Case 1 – Lower Saxony

> 1930 ctns / 11 000 kgs high value goods
> October / THU – break at parking area equipped with barrier systems, video monitored at entry / exit
> Parking area was not fenced and unlighted
> Photo shows reflections of trailers due to flash light of surveyor

(5) FIRST HAND INFORMATION FROM RECENT CASES

Case 1 – Lower Saxony

> Next morning, hole in rolling gate of the truck
> 700 ctns / 6 700 kgs were stolen
> Claim +500 k EUR
> Offenders must have used a truck for transport of stolen cargo
> Loading discharging/ operations must have taken some hours
> Likely insider knowledge

(5) FIRST HAND INFORMATION FROM RECENT CASES

Case 1 – Lower Saxony

> Gateways to / from parking area were monitored but no photos were recorded
> Our investigations revealed that the Police confirmed that there were two other major thefts at the same parking area during October

(5) FIRST HAND INFORMATION FROM RECENT CASES

Case 2 – North Rhine Westphalia

> 1300 cnts / 8 500 kgs high value goods
> Hole in rolling gate of truck
> November, TUE, parking area petrol station and restaurant, 95 parking positions for trucks
> Fenced area
> 6 000 kgs cargo were stolen
> Claim +750 k EUR

(5) FIRST HAND INFORMATION FROM RECENT CASES

Case 2 – North Rhine Westphalia

> On the parking area cameras were installed at lamp posts
> Our investigations revealed that the cameras were connected to the street maintanence of the state only but that no photos were safed / recorded
> Truck was equipped with motion sensors which recorded activities from O:30 – 2:55 am

(5) FIRST HAND INFORMATION FROM RECENT CASES

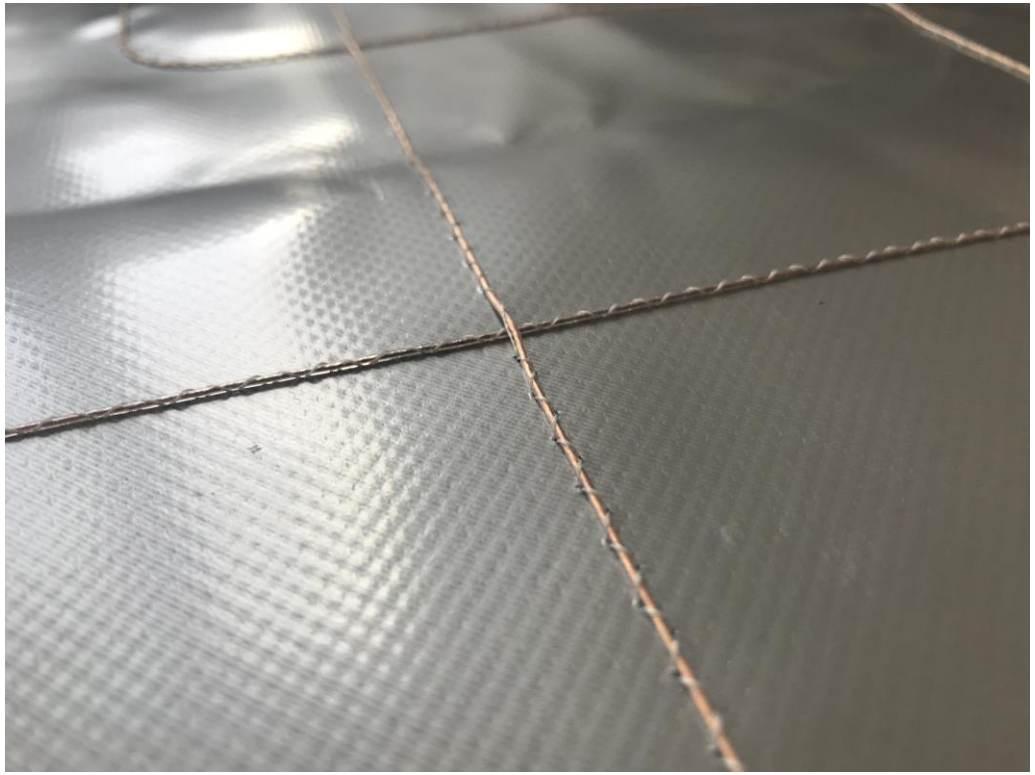
Case 2 – North Rhine Westphalia

> The alarms were sent to a security service company in Germany
> For unknown reasons any of the alarms were ignored ...

CONTENT

1. Introduction to the General Problem and some geographical aspects
2. Facts and Numbers and problems connected to statistics
3. Freeways, Highways, Parking Areas, Parking at lay-bys
4. Safe Parking Areas in Germany
5. First hand information from recent cases
6. Technical solutions
7. Legal aspects and Recovery against carriers

(6) TECHNICAL SOLUTIONS



Alarmplane (alarm tarpaulin)

> Young German company who invented and hold patents to an effective and simple anti theft solution for curtain trailers
> Small wires are spread on the tarpaulin – once they are cut they give alarm via a device
> Any curtain trailer can be easily equipped with the devices

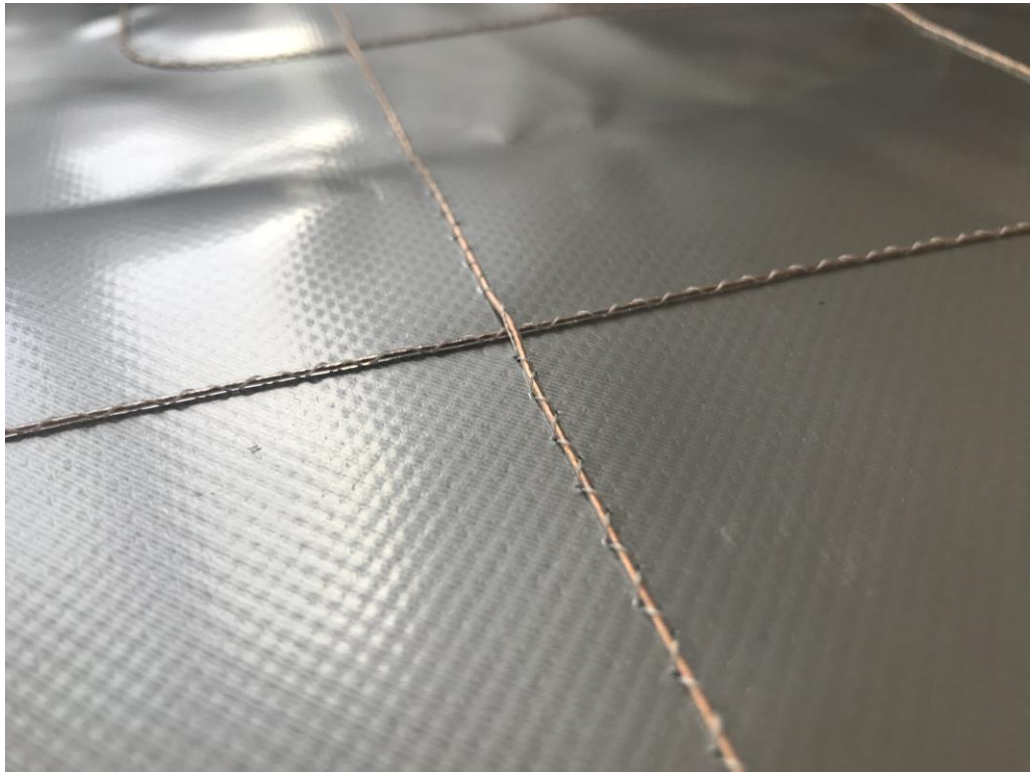
(6) TECHNICAL SOLUTIONS

Alarmplane (alarm tarpaulin)

> Alarm Device

> Sound, 110 decibel

(6) TECHNICAL SOLUTIONS



Alarmplane (alarm tarpaulin)

> Alarmplane is an independant / stand alone system
> Alarmplane is easy repairable after a crime incident
> SigFox positioning system can be connected to Alarmplane

CONTENT

1. Introduction to the General Problem and some geographical aspects
2. Facts and Numbers and problems connected to statistics
3. Freeways, Highways, Parking Areas, Parking at lay-bys
4. Safe Parking Areas in Germany
5. First hand information from recent cases
6. Technical Solutions
7. Legal aspects and recovery actions against carriers

(7) LEGAL ASPECTS AND RECOVERY AGAINST CARRIERS

> How are the chances for Cargo Insurers to enforce a recovery claim ?

> Generally German Transport Law is cargo friendly. Under German law claimants usually have good chances to enforce claims against carriers and freight forwarders

> Some cases provide even good chances to break liability limitations of the carrier

> Extensive case law on transport law

> Contact us, our Legal Team will be happy to support you on **No Cure – No Fee** terms.

ONE STEP AHEAD SINCE 1848

THANK YOU VERY MUCH !

Reck & Co. GmbH
Am Weser-Terminal 1
28217 Bremen
Germany
T + 49 (0)421-59834-0
F + 49 (0)421-5983450

m.friedrich@reck.de
www.reck.de