



# Risk Management Guide

Bailees and Carriers



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# Introduction

This guide has been developed to provide you with information on the management of risks relating to goods while they are being handled, stored and/or forwarded by hauliers, couriers, warehouse keepers and freight forwarders (collectively known as “freight operators”).

The guide identifies the risks faced by freight operators prior to despatch, in transit and during delivery and provides guidance on risk management techniques which may be taken to minimise the risk of loss.

We hope you find this guide helpful and informative.

## Risk Management prior to despatch

### Fire Risks

All buildings are prone to risks from fire, as a result it is important in risk management to identify ways of minimising the chances of a fire occurring and the damage if it does occur – both physically and financially.

#### Physical methods for minimising fire risks

- Fire Precautionary techniques such as Sensors, Alarms and Fire Systems
- Training of staff:
  - to raise awareness and understanding of fire risks in every aspect of the operation and to understand what actions to take in the event of a fire
  - understanding the types and use of hand held extinguishers
  - appointment and training of fire marshals and deputies
  - safety procedures and handling of dangerous and hazardous goods
- Fire safety checks to be carried out weekly:
  - weekly check of fire alarms
  - quarterly fire drills
  - notices and signs to be posted as reminders for employees to be vigilant
- Revision of heating equipment and usage. The use of mobile heaters to be strictly controlled
- No Smoking policy enforced with designated smoking areas

- Strategically placed smoke detectors particularly in canteens and rest rooms
- Best safety practices implemented and monitored to ensure strict compliance in higher risk areas of the operation such as:
  - careful storage and handling of flammable goods
  - strict control of waste and packaging material removal and disposal
  - refuelling of vehicles and recharging of fork lift trucks
  - storage of pallets away from the building and perimeter fence
  - fire doors not to be propped open
  - inspection and maintenance programme of building, wiring circuits, machinery, vehicles and equipment.

#### Financial methods for minimising risks

Warehouse keepers who store goods belonging to another are known as bailees. Bailees are required to exercise ‘reasonable care and skill’ in respect of their goods and duties in order to avoid liability. What is reasonable will depend very much on the nature and value of goods and does not require the bailee to take such steps that eliminate the risk of fire completely if such steps are deemed unreasonable or uneconomical.

When looking at insurance protection against fire risks, the practice in insurance is to look at the Estimated Maximum Loss (EML) value. If the building and contents are owned by a single person there will be one EML for the buildings and contents. In the case of contract storage and warehousing however where the contents and building have different owners, the owner of the building may decide to implement protections which are appropriate for the buildings EML but inadequate for the contents EML.

The building owner will take into account his liability for any contents which he is responsible for in bailment however often liability for goods in store is limited to a sum far less than the actual value of the goods.

This could leave the goods owner exposed to any loss above the warehouse-keeper's monetary limit of liability – and it is important that this is considered when arranging insurance. Contracts of storage conditions must be studied and understood by goods owners. The standard conditions of the United Kingdom Warehousing Association and the Road Haulage Association contain monetary limits of liability, and have been held to be fair and reasonable and not in contravention of the Unfair Contract Terms Act 1977.

### Arson Risks

An alternative form of fire risk is Arson where deliberate and malicious fires may be started for a variety of reasons including mindless vandalism, targeting by activists, fraudulent gain or as an economic alternative to demolition in failing businesses and trades.

It is important to examine the history of such fires in that particular location or trade as a history of such fires in the same area places a heavier burden on bailees to exercise greater responsibility to protect against such fires.

### Actions and Prevention against Fire and Arson

Protection against Arson is often the same as for ordinary fires but with some added security measures, such as CCTV cameras placed on perimeter fences, increased frequency of patrols or full time security guards in place.

## Theft of Goods at the Premises

Thefts may be opportunistic or planned. Planned thefts often involve local and inside knowledge of the operation including times of patrols, where keys are kept and what is stored at the premises. Like any good risk manager a thief will weigh up the risks of being caught with the opportunities to be gained from the stolen items. A well maintained property with obvious security will certainly act as a deterrent.

### Prevention against theft

Most security measures are inexpensive and simple to implement. When reviewing security it is important to keep in mind the 'three Ds' of crime prevention – deter, delay and detect.

- Ensure your building is not an easy target by deterring criminals using good quality locks, window shutters, floodlighting and instal internal security cameras on entries, exits and sensitive areas
- Appoint a senior person to be responsible for security issues
- Employ and train security guards

- Prevent quick access to valuable merchandise or equipment by:
  - removing all keys from vehicle ignitions when not in use
  - enforce security at premises:
    - all visitors report to reception or use entry phone.
    - identity badges with photographs to be worn at all times
    - key pads or swipe pads for entry into warehouse, goods storage and handling areas, traffic offices etc.
    - doors to be kept closed
    - employees encouraged to challenge any non badge wearers and to report any suspicious behaviors and events
- Care to be taken when selecting and recruiting employees
- Ensure security of information:
  - ensure target goods are referred to in documents by reference numbers and codes rather than by brand names
  - restrict the access to and spread of information concerning target goods
  - ensure documents containing sensitive information are filed away and not left on desks
  - shred important documents instead of discarding in waste bins
  - implement a procedure to be followed when employees leave the company
    - Retrieve all passes and keys
    - Reset security codes.

### Burglary

Such thefts are usually planned in advance and are only the result of an opportunist thief when the theft looks easy to execute. Windows and doors left open or not properly maintained or an appearance of obvious lack of maintenance to a building or of any security devices is likely to encourage the thief.

### Prevention

- Security of building:
  - access points including all windows, doors, skylights and fire escapes to be in good order
  - appoint somebody who is responsible for checking that all windows and doors are closed and secured at the end of working hours
  - better illumination
  - CCTV infra red
  - alarms
  - secure perimeter wall or fence with good locks on gates
  - steel shutters
  - security guards to patrol premises with radio/phone back up
  - guard dogs.

### Ram Raiders

Ram raiding is carried out by breaking through walls at premises to steal plant, equipment and HGVs. In almost all cases raids are carried out by organised criminals who execute the raid after careful surveillance and planning, often with inside information regarding the best time to strike, the location of plant and equipment keys, and the type of security and alarm system.

### Prevention

Ram raid bollards may be an effective deterrent against a motor vehicle or light van used by thieves not only as the break-in tool but also to drive the goods away.

Bollards however do not provide the same deterrent to the HGV or commercial plant which is often used as an entry tool.

To provide a deterrent that would prevent damage and subsequent entry would be costly to install. It would also restrict the movement of legitimate vehicles in and around the premises. As a result the main means of prevention is usually to enhance all other security features relating to the building and its operation.

## Lifting Equipment and Lifting Operations

### Manual Handling

Where your employees do the work of lifting and carrying there is a risk of injury from manual handling. Manual handling is the movement of loads using hands or bodily force, for example pushing trolleys in a warehouse or moving goods along roller conveyors. Any activity that involves lifting loads and then supporting or moving them manually can lead to injury if the load is excessive and/or the task has to be carried out repetitively for long periods.

Many people report they have hurt their backs, arms or hands as a result of manual handling. These injuries can be the result of lifting or carrying excessively heavy loads, but surprisingly they often result from handling light loads incorrectly. The risk is related to the number of times the load must be carried or placed e.g. on a high shelf, or picked up from the floor and tasks involving twisting or turning. Any of these may impose a strain on the body resulting in injury.

### Prevention

The fundamental principle is to avoid manual handling using mechanical aids instead. However, if this does not completely remove the hazard posed then you should conduct an assessment of the risk from manual handling. When assessing the risk from manual handling the key issues to be addressed are the load, the characteristics of the individual, the task and the environment.

- Does the work involve the following?
  - lifting heavy loads
  - lifting lighter loads on a continuous basis
  - lifting loads that are of unusual shape, have the weight concentrated in one position/end
  - picking up loads from high or difficult to reach places
  - placing loads on low shelves or on the floor
  - twisting or turning whilst carrying loads
  - take place in a cluttered or congested work area
- Can the risk be reduced by?
  - eliminating the task of lifting
  - using mechanical aids e.g. conveyors, pallet trucks, hoists
  - reducing the load's size or weight
  - reducing or changing the frequency of the work.

When it proves impossible to make any significant change to the task then training in safe handling may prove the only control step available. The physical fitness and aptitude of the employee will need to be considered as well as the arrangement of workplace and work activity.

### Mechanical Handling

The use of mechanical equipment can eliminate many of the risks involved with manual handling. However, this leads to a different set of risks with the potential for far more serious incidents such as the overturning of a crane or forklift truck, the failure of the lifting equipment or crane and the failure of the chains or wire rope slings.

The seriousness of the consequences is such that lifting equipment and lifting operations are covered by detailed legislation. The Lifting Operations and Lifting Equipment Regulations 1998 require that you:

- Must ensure the lifting equipment is of adequate strength and stability
- Should install and position lifting equipment to reduce the risk of loads striking people
- Must mark all equipment with its safe working load
- Must ensure that any lifting operation is suitably planned by a competent person
- Must ensure that lifting equipment is subject to thorough examination and inspection by a competent person before first use after installation and/or modification and on a regular basis
- Must report any defects found during examination by a competent person to the appropriate enforcing authority i.e. the Local Authority or Health and Safety Executive.

## Packaging Goods

Goods should be suitably and sufficiently packed and protected for shipment. The quality and type of packing will depend upon a number of factors including:

- The susceptibility of the goods to damage and breakage
- The transit and route
- The method of transit.

The contract of sale may or may not specify the type or quality of packaging however an implied duty exists upon the sender that the goods should be packaged to a standard sufficient to reasonably assume that the goods will arrive at their destination in the same good order and condition as when they were shipped.

There are various types of damage which goods, depending on their nature, will be susceptible to. For example, glass and china are particularly susceptible to breakage, steel is susceptible to rust and paper to water damage. Packing and preparation of the goods prior to shipment is the key to eliminating or reducing damage to goods whilst in transit. Such packing cannot usually protect the goods from damage caused by a casualty, collision or overturning of the carrying vehicle or conveyance but it can often limit the damage that would otherwise have been sustained.

Some goods by nature of their size or type are not packed or protected. They may however still be susceptible to damage and could be costly to repair. The handling and stowage of such cargoes are likely to be overseen by an expert cargo surveyor at critical times in the loading and unloading operations.

Carriers and bailees operating at common law are not responsible for loss or damage to goods which results from inadequate, insufficient or defective packaging and/or packing methods. It is therefore important when examining goods both on collection and delivery to consider the quality of packaging and packing and determine whether damage to the goods is attributable to a packing deficiency or handling of the goods or under conditions of carriage and trading.

The carrier or bailee are bound by duty to take reasonable steps to limit the amount and spread of damage, and protect the goods from further damage. Such action may be regarded as giving first aid to the goods until the goods owner and their insurers are notified and able to provide instructions as to the course of action required. Such actions may include repacking the goods, segregating sound from damaged items, and setting aside repairable items or those which retain a salvage value.

## Actions for Carriers and Bailees

- Train employees to be vigilant when:
  - despatching or receiving goods
  - signing or accepting receipts or other documents
  - making a thorough examination of the goods in order to assess the damage for themselves rather than taking the word of other carriers and bailees such as subcontractors for granted
- Ensure that employees always record discrepancies on documents even if it seems only to be the packaging that is damaged
- Take care handling, stowing and securing goods to ensure damage and breakage is avoided
- Always use correct equipment for the task in hand
- Follow safety practices and be aware of weight and centres of gravity when lifting and securing
- Never move the vehicle without loads being properly secured.

## Computer Virus Risks

Computers play an increasingly important role in the operation and trading of a company, from storing vital information to enabling electronic trading, communication and training. Computers are also used to generate planning models and accounting systems, as well as for research and development of new products and services.

The application of computers in business is vast and increasingly diverse, and companies are becoming more reliant upon them than ever before.

The havoc and disruption that can be caused by computer 'viruses', 'trojan horses', 'spy ware' or hackers (collectively known as 'bugs') can have a devastating effect on a business and can bring an organisation to a full stop in seconds.

"Bugs" enter computers in a variety of ways including:

- Downloading infected files from the internet
- Opening infected email attachments
- Accepting infected files from other computers
- Receiving infected files from removable storage drives, floppy discs, CDs.

## Prevention

The best prevention from computer 'bugs' is to put in place barriers to prevent hackers from entering your systems.

- **Isolation of critical computers and systems**  
Prevention may only be achieved by isolating your computer completely from all outside sources. This is not usually a workable solution as most businesses network their computers. It is, however, viable and sensible to isolate individual computers which perform functions critical to the business. Such computers may be dedicated to a particular task or work stream such as payroll, design, financial planning, data storage etc.

- **Strict security**

It is essential that security is maintained at all times by computer operators:

- training to ensure that employees at all levels are aware of:
  - the potential risks and how such risks might arise
  - the measures which can prevent 'bugs' entering the computer network
  - the actions to take if a problem is identified
- procedures:
  - all files and data being introduced to the computer system should be:
    - from reliable, trusted and approved sources
    - scanned for 'bugs'

Vigilance and scanning should be applied when opening all email attachments, and internet activities should be restricted in order to avoid 'bugs' which may be downloaded from non approved sites.

- **Electronic protection – anti-virus software**

There are a number of very good security software packages which prevent 'bugs' entering computers and networks. These programmes run continuously and will be updated automatically by suppliers downloading updates from the internet.

- Seek the assistance of an intellectual property lawyer in devising a company strategy to protect intellectual property rights and ensure that all agreements and contracts have been drawn up or approved by the lawyer. Check out on-line services which provide protection from plagiarism for your web design and site content by continually scanning the internet for plagiarised pirate copies.

## Intellectual Property

### Intellectual Property

Businesses strive to be different from their competitors, looking to find new products, services, markets or methods which will set them apart and ahead of their rivals. Innovation is often the difference between success and failure. In some types of business the most valuable possession is the intellectual property owned by the business.

### Intellectual Property Rights – Actions

- Copyright and/or patent all works, products and processes whenever possible at the earliest opportunity
- Register designs and trademarks as soon as possible
- Ensure that ownership of trade marks, logos and brand names is registered and recorded
- Ensure agreements with suppliers, outsourcers, partners, customers etc. contain appropriate warnings regarding breach of copyright/patent and makes clear who holds ownership of rights to all intellectual property
- Ensure that all contracts of employment, partnership agreements and the like make clear the rights which the company have and wish to protect
- Ensure contracts, where appropriate, contain confidentiality clauses

## People

### Recruitment and vetting of employees

Provide proper training and raise awareness of employees to possible problems and losses.

Obtain at least two written references from former employers when recruiting drivers and warehouse staff.

Obtain and retain on file passport type photographs of drivers and warehouse staff.

### Selection and appointment of carriers

Appoint a bona fide carrier with a successful record of carrying same or similar cargoes on same or similar routes to those of the present cargo.

## Systems

### Monitor and audit progression of goods from storage area through packing process until despatch

Implement systems, electronic or manual, to track and monitor the progress of goods.

Make sure that at key points during despatch personnel initial, time and date the actions taken and ensure that these records are retained until satisfied they will not be required to evidence full and proper despatch.

### Help sheets and Checklists

Provide checklists to personnel such as those available on this site.

### Issue Security/Identification Badges

The badge should contain a photograph of the person wearing it or should be clearly marked "VISITOR".

Badges should be issued to every person entering the storage or despatch area.

All employees should be trained and encouraged to challenge any person not displaying a security badge.

## Goods

### Quantity and Quality

Count the number of items. Ensure that the quantity, type and quality meet the requirements of the customer as per order.

There is no point shipping incorrect items which will be rejected because they are not acceptable to the buyer.

### Packing and Preparation

Goods need to be suitably and sufficiently packed, protected and prepared for transit. The type and quality of packing will depend upon the goods and the voyage to be undertaken.

Obtain the opinion of a qualified professional packer or cargo surveyor when introducing new packing methods or materials or when despatching goods for first time or to a new destination.

## Notices and Signs

### Marks and numbers

Packing should carry marks and numbers to enable easy identification during transit.

Markings for goods which are theft attractive should not reveal their identity. Similarly, advertising or use of company logo/trademark on external packaging should not be used.

After an incident where packaging has been breached and/or goods pilfered or stolen it is advisable to change the style, layout and content of the marks and numbers.

### Directions to stevedores and cargo handlers

Symbols and other markings providing information and directions to cargo handlers are important and should be shown clearly on external packing, e.g. fragile, this way up, centre of gravity, lifting point etc.

### Hazardous cargo

Warnings notices should be highly visible and correct. Notices from previous loads should be removed if incorrect or inappropriate.

## Documentation and Instructions

### Check all Documents

Ensure that all documentation is correct in both content and type.

Errors or delays in obtaining or issuing documents can hold up cargoes in transit at ports and terminals. Such delays and enforced storage can result in the cargo having a greater exposure to risks of theft or damage.

### Instructions to Forwarding Agents, Carriers and Bailees

All instructions should be clear and in writing. Special requirements of the cargo such as the temperature at which it is to be carried or special handling which is required should also appear on the transit documentation.

### Fumigation certificates

If fumigation certificates are required for the cargo or wood dunnage and pallets, make sure that a copy is shipped with the cargo (taped on the inside of the container door).

## Vehicles and Equipment

### Maintain all own vehicles, trailers and equipment to sufficient standard.

Vehicles and/or trailers are fit for the safe carriage of the cargo.

Handling and lifting equipment is sound, in good working order and fit for its intended purpose.

### Haulier vehicles

Request a vehicle, container or trailer to specific standards and requirements.

Fit for the safe carriage of the cargo.

### Check the container/trailer for signs of:

- Damage
- Rusting
- Ripped curtains
- Ineffective repair patches
- Defective door rubbers
- Staining or wetting of floor
- Residue of previous cargo
- Contamination or infestation
- Protruding nails in floor
- Taint/Odour
- Adequate and suitable lashing points in container are available
- Remove old warning stickers, e.g. hazardous goods notices which are not applicable.

### Do not accept containers or trailers which are not up to the standard required.

Check that wooden pallets and/or dunnage are dry especially if used in container movements. Do not use wet or damp pallets as this will increase the risk of condensation and subsequent damage to cargo.

Check the regulations of the country of destination concerning importation of timber, as this could affect the type of dunnage or pallets which can be used, e.g. debarked wood only/certified fumigated etc.

Check the doors carefully especially the locking mechanism. Bolts may have been tampered with making it easy to enter the container without disturbing the security seal.

### Draw up a container plan for the cargo.

The cargo should be stowed in accordance with regulations concerning the weight of the cargo and its distribution within the container.

Make sure the cargo is loaded in accordance with these regulations, and not just loaded so that it fits into the container.

### Load to facilitate discharge.

Make sure that the receiver of the goods has the necessary equipment and will be able to unload the cargo from the vehicle/trailer/container.

### People

Ensure that:

- Only authorized personnel can allow the goods to leave the premises
- The vehicle is secure with security seals are affixed correctly
- Any hazard notices are affixed correctly
- The driver is aware of his duties and has the necessary documentation.

For non container/trailer shipments, particularly heavy lifts/abnormal loads and other cargo requiring special handling at ports and terminals, it may be prudent to appoint a cargo surveyor to attend at the loading port/terminal to oversee matters and represent the cargo owner and/or insurer.

Target goods should be kept under surveillance at critical points.

Reliable and specially trained personnel should be used.

### Systems

That all systems and audit checks have been completed.

Loading tallies are correct and the full total of cargo is accounted for.

### Goods

That none are left at the loading or storage area and all have been shipped.

### Packing

It is too late now to do anything about packing, but if some concerns should arise after despatch a cargo surveyor could be appointed to attend at the loading port/terminal.

### Equipment

Final check of the vehicle and how the goods are secured.

Check security seal has been affixed correctly and the number recorded.

## Risk Management in transit

### Theft of Goods and/or Vehicles during Transit

Following improvements in the availability and application of security devices at premises, it has become increasingly apparent that vehicles and goods are at most risk of theft during transit. Theft risks can include the theft of the goods being carried as well as the carrying vehicle itself. The theft may be of the entire load or just part of it and may range from hijackings to pilferage of cartons and bags.

Recognised and approved parking areas are targeted by organised gangs, while the vehicle left loaded in a lay-by or isolated industrial estate may attract the attention of an opportunist thief. The trend by retailers and manufacturers to require goods 'just in time' and the increasing regulations on drivers hours means that increasingly vehicles and/or trailers are left loaded and unattended overnight, and often at weekends, at the point of departure or destination. To the thief this often can be viewed as being wrapped and ready to go.

#### Preventions

- Fit vehicles, trailers, buildings, yard etc. with appropriate security devices and physical protections
- Maintain a code of secrecy concerning vehicles loads times, routes etc.
- Employ sufficient guards to patrol and maintain surveillance of loaded vehicles
- Do not leave loaded vehicles unattended overnight outside the premises unless within a compound
- Vehicle keys to be kept secure within the premises:
  - key fob not to show the registration number of the vehicle
- Clear instructions to drivers concerning:
  - where to park
  - what routes to take
  - how to secure the vehicle and safeguard the load
- Ensure the packaging of target goods does not reveal content.

#### Theft with Violence

Increases in the use of violence in theft of cargoes is usually restricted to high target goods, particularly bullion, precious metals and stones. The threat of violence is, however, always present and drivers who are sleeping in their vehicles overnight or at any time should not be encouraged to engage thieves but should be trained to report such activity immediately it is safe for them to do so.

Although there is no obvious increase in frequency, the incidence of violence is no longer restricted to those relatively few trouble spots as in the past. Thieves will travel to the selected location and generally be equipped with weapons ranging from baseball bats to firearms. The vehicle will usually have been targeted in advance rather than selected at random and the theft will have been well planned.

One feature on the increase is the number of reports from drivers concerning the use by thieves of gas, of the type used in anesthetics, to ensure that the driver is asleep both during and for some time after the robbery. It is not possible to say how widespread the use of gas actually is but it is a worrying trend for drivers and for other road users when the unsuspecting driver takes to the road having awoken from an unusually heavy sleep.

It is also clear that the use of violence or the threat of violence may on occasions be exaggerated by drivers either to justify their actions or for more dubious reasons.

#### Prevention

In addition to the security of information regarding the route and goods being maintained, training of drivers is a vitally important element in avoiding losses.

Drivers must be instructed not to engage with thieves but should be trained in 'observation and reporting' skills. These will highlight:

- What to look for
- What to record and report
- How and whom to report to
- What to do, when and how.

Driving the vehicle following a theft may be unsafe in a number of ways.

- The vehicle may be defective with electrical and mechanical systems being tampered with when overcoming security devices
- The driver may have been gassed or drugged and should not drive
- The remaining load may be unstable and could result in the vehicle over-turning.

## **A Guide to Overnight HGV Parks with Security Facilities**

In order to assist with the protection of vehicles, loads and equipment and to provide for the welfare of drivers, the RHA in conjunction with Dunlop Tyres have compiled a list of 'truck parks' throughout the UK which offer some degree of security for vehicles parked overnight. Some parks also provide for the relaxation and refreshment of drivers.

The information is available on <http://www.rha.net/public/adviceandinfo/lorry-parking/lorry-parking-main.shtml> where the list is divided into regions and the HGV parks can be found under are shown under three categories:

**A – offering the most security**

**B&C – offering lower standards of security**

Although none of the facilities listed are absolutely secure, some facilities have or claim to offer various levels of protection including; fences and gates, floodlights, CCTV cameras, security patrols, controlled entry/exit, guard dogs.

Whether the facilities described are likely to be effectively operational on any particular occasion cannot be guaranteed so it is important that the truck operator and/or driver verify for themselves.

### **Theft by Deception**

In some cases, thieves will use deception in order to encourage the carrier or goods owners to hand over their goods. There have been numerous experiences of such theft often involving 'phoney' documents which when presented ensure release of the cargo.

This may be done when collecting goods from ports or rail heads or when collecting goods from cargo owners. The common theme is that the thief arrives at the right place, at the right time, knows what cargo to collect and is in possession of the correct documentation.

One form of common deception has become known as the 'London Shuffle' although by no means is it confined to London. The thieves pretend to be employees of the actual consignee and stop the vehicle just short of its intended destination. They then explain that the goods will have to be off loaded onto the pavement or at 'another' location because the premises on the delivery note are 'flooded due to burst pipes', or suffering 'an electricity failure'. The thieves appear entirely authentic, often in possession of documents, letterheads and information of the actual consignee.

### **Prevention**

In addition to maintaining a secure regime over information of loads and movements it is recommended that hauliers take the following simple steps to avoid being fooled:

1. Drivers need to be:
  - a. made aware of the widespread use of the tricks played by thieves
  - b. instructed not to deliver goods to any place other than shown on the transit documents
  - c. instructed to phone their home base advising the situation and asking for authority to deliver/unload anywhere other than the consignees address
  - d. instructed to remain in the vehicle
  - e. instructed not to allow any other person in the vehicle.
2. Upon receiving a phone call from the driver the haulier's office must:
  - a. telephone the consignee to ascertain the facts and true situation
    - for obvious reasons, they should not phone any number provided to the driver by the thieves
  - b. record the name and department of the person they have spoken to and show the date and time of the conversation
  - c. retain this note until it is confirmed that the goods have been received correctly.
3. If no problem exists at the consignee's premises that would prevent normal delivery the consignee should be asked to contact the police immediately to report the incident and request immediate assistance.

### **Pilferage in Transit**

Consumer goods which are being handled and stored at various points of their transit are vulnerable to pilferage, which is difficult to eliminate especially with groupage or un-containerised loads.

Loss of items such as clothing, shoes and sports goods are common as numerous people, many of whom would not class themselves as thieves, steal a handful of items as the goods pass through their control or proximity. In some instances during handling the packaging may be deliberately damaged to allow pilferage to occur and for the loss to appear to be a result of the damage in transit to cartons, bags, sacks etc.

In some cases the thieves are well equipped and extremely skillful. When pilfering cartoned goods they may well be equipped with craft knives, sticky tape and a substitute weight to make up for the items they intend to steal. By restoring the carton to its original appearance and weight this skilful pilfering is often undetected until the goods arrive and are unpacked at their destination.

### **Prevention**

- Wherever possible goods should be moved in full container or trailer loads
- Packaging should not reveal the contents
- Shrink wrapping goods on pallets makes tampering easier to detect and thieves have to create greater disruption to packaging to get at cartons in the centre of the pallet

- A full inspection of the external condition and quantity of the goods must be carried out at each handover stage of the transit
- Receipts must be endorsed to show all discrepancies at each handover stage
- The use of padlocks on trailers and containers is viable for inter-company movements, or movements of own goods in own vehicles, and will help prevent or at least identify any tampering to containers and trailer doors.

### Hijacking

Hi-jacking is a form of theft frequently used in connection with 'target' goods. There are well known hijack 'black spots' in Europe. The hijackers are highly organised and often have information on the route the vehicle will take and the stopping places. Hijackers may take over the vehicle by force, but it is more common for them to wait for the driver to leave the vehicle and then force him to hand over the key and reveal any security codes or devices on the vehicle. The use of firearms, knives and drugs are likely to be involved when over-powering or threatening the driver, who may be forced to accompany the thieves for all or part of their journey. Generally hijacking is carried out quietly and efficiently, attracting the least amount of attention of those not involved.

### Prevention

Little can be done to prevent an armed assault on a driver. Double manning of vehicles does not improve the situation as one or both drivers may be held hostage.

Practical steps can however be taken to hinder the thieves:

- Tight security of information relating to 'target goods'
  - documents and traffic schedules not left for others to read
  - electronic information pass-worded and confidential
  - employees being told only what they need to know
  - details of route and stopping places revealed at the latest possible moment to drivers
- Route planning and route changing
- Clear and precise instructions to drivers regarding route and stopping places
- Vehicle security devices
  - panic buttons
  - tracking
- Escort vehicles
- Driver check-in call timetable.

Clearly some additional measures would be required with high target items like bullion and certain radioactive materials where the risk of hi-jack is greater and has been specifically identified.

## Wet Damage Risks

Surprisingly, goods are often loaded into vehicles, trailers and containers with little, if any, regard for the normal weather conditions the goods may face whilst in transit. Such loading may be carried out by goods owners, warehouse operatives, freight forwarders and other bailees in transport and logistics.

### Ingress of Water into Vessels, Vehicles, Trailers and Sea Containers

Most cargoes, whatever the mode of transport, may become wet damaged whilst in the course of transit. Naturally, cargoes carried by sea are the most exposed because of the potential for damage by sea water however in reality, damage by sea water is comparatively rare and would generally only occur after a major casualty involving the vessel such as a collision. Fortunately such events are comparatively rare.

Other causes of sea water damage are more mundane and include defects in the vessel's tank tops or hatch covers or where ventilators are not closed properly in heavy weather. Sea water damage may occur from spray or from ingress of water through faulty and worn hatch rubbers of the vessel or the door rubbers on shipping containers.

It is important to ensure that the vessel is in good condition. This may be done by checking the registration and classification of the vessel and by examining the record of the vessel's owners and managers. Checking the condition and state of repair of a road vehicle, container or trailer is an easier task and must always be carried out at the time of loading or when being picked up already loaded from the port, railhead, inland terminal, or from the goods owners or their agents for the commencement of transit.

### Rain

Clearly, cargoes handled, loaded or unloaded during rain will get wet unless such handling takes place indoors or under cover. Wet damage to packaging can result in the packaging becoming unglued and/or failing, resulting in its collapse and possibly leading to the collapse of the entire stow.

In recent years flooding has become a major problem for buildings and open storage areas within the UK and mainland Europe. Cargoes such as cartoned or cased goods stored in the open on pallets in such areas are likely to be damaged even with modest flooding, as the capillary action of the wood and cardboard enables the water to be absorbed and rise through the packaging.

Of course there are some cargoes which will not be adversely affected by wetting and these are often moved without any form of packaging or protection, for example bulk cargoes such as lumber, scrap steel, iron ore and the like. Other bulk commodities are susceptible to wetting and although they may not be packed their handling and movement is carried out under cover, either permanent or temporary as in the case of sheets and awnings.

Wetting will affect different goods in different ways depending upon their nature and intended use. For example textiles which become wet provide the perfect environment for mildew spores to develop, while metal items and parts may become rusty and pitted. In almost all cases wetting will result in the goods and/or their packaging becoming stained. This can often result in the retail packaging being damaged to the extent that the costly and labour intensive tasks of sorting and repacking goods have to be carried out before they can be sold.

### **Wet Damage Prevention**

The following actions should be taken:

- Ensure that containers, trailers or vehicles are in good condition and will not allow water to ingress into the cargo spaces:
  - examine cargo spaces, particularly wooden floors for wetting or signs of staining/moisture
  - examine carefully the external condition for signs of damage, wear and tear including repair patches and worn, faulty or missing door rubbers
  - for containers, carry out a light test to detect any pinpoints of light which may enter the container via damaged, worn or defective areas
  - ensure that any pallets, dunnage and wooden bulkheads and membranes are dry and free from moisture
- Vacuum pack or poly wrap cartons on pallets whenever appropriate
- Ensure that when goods are stored in the open or on open vehicles they are correctly sheeted with good quality sheets:
  - wherever possible reduce exposure to the elements
- When stored ensure that goods are placed on stillages, particularly in known flood areas, basements and open areas
- Goods in wooden cases which are being exposed to the elements for excessive periods of time should be covered with waterproof material.

### **Condensation Damage Risks**

Condensation is a constant problem when shipping goods in steel shipping containers. Condensation will occur whenever there are variations in temperature and it is often said that a container, particularly those carried on deck, range from being a fridge at night to being an oven by day, such are the extremes of temperature that may be experienced, which gives rise to a mini climate being created within the container.

An example of such extremes occurs when a container moves from a cold climate in the northern hemisphere, crosses the tropics and arrives at a cold or temperate climate in the southern hemisphere. The process of condensation is continuous throughout the entire voyage and will result in the stow within the container collapsing as packaging loses rigidity, becomes unglued and fails. Precautions must be taken to avoid the effects of condensation.

Condensation or sweating also affects bulk cargoes carried in the holds of vessels. The movement of the vessel through the water transmits to the cargo, and the friction that builds up within the cargo creates evaporation of moisture which condenses at night on the cold steel of the vessels hull and hatch covers, dripping down on to the cargo to further continue the process.

### **Condensation Prevention**

In addition to those preventions within Wet Damage Prevention, the following should be done when stuffing containers:

- Ensure that the packaging and goods are free from excessive moisture
- Use silica gel, which is a hygroscopic material that will absorb excess moisture
- Ensure that the container/trailer is correctly ventilated as appropriate.

### **Stowing liquid and dry cargoes in the same space.**

Care should be taken to correctly stow cargo in vehicles, containers, warehouses etc. Extra care must be taken when wet or liquid cargoes such as wet salted hides, damp or wet unpacked goods are stowed in the same cargo space as dry goods as such may occur in groupage, break bulk or LCL movements.

Segregation and the use of waterproof membranes may be appropriate.

## Contamination

Contamination usually occurs as a result of contact with other cargoes or with the residue of previous cargoes carried in the same vehicle, container or conveyance. The effect of the contamination will depend largely upon the nature and amount of contaminant and the goods which have been affected. Often it is only the outer packaging which is contaminated and the goods themselves remain intact and free from contamination.

There is less likelihood of contamination these days due to developments in packaging technology and the growth of unitisation and containerisation. However, following a contamination these days, it is more likely that goods owners will reject the affected cargo and attempt to abandon it rather than deal with the problems of contamination and the risk of it spreading within their premises and existing stock.

Decontamination, even when the contamination affects only the outer packaging, can be costly and the costs of disposal and decontamination can be economically unfeasible.

A number of factors have to be considered, some of which arise out of modern methods of transport and logistics. They include:

- Just in time delivery where the goods have to be delivered right on time but in good order and condition
- A lack of capacity either of space, time, manpower or equipment to decontaminate goods at manufacturers or logistic operator's premises
- The cost of decontaminating goods and disposal of packaging materials
- A fear of subsequent claims and prosecutions under hygiene and safety regulations
- A fear of contamination spreading at delivery point resulting in closure of plant for cleaning.

In recent years contamination by stowaways in containers has been a significant problem, with consignments of clothing and foodstuffs in particular being rendered a constructive total loss and having to be incinerated.

Contamination may occur either before or during transit as is the case when clean goods are loaded into a dirty vehicle, trailer or container.

### Taint

Taint is damage caused by strong or pungent odours. Often the odour emanates from other cargo in the cargo hold or warehouse. Stowage planners and warehouse keepers should be aware of the nature and susceptibilities to taint of the cargoes in their care and take all reasonable precautions to prevent damage. Taint may arise from other sources such as the affected cargo being placed too near to exhaust outlets or other sources of air pollution.

A variety of cargoes are susceptible, and in many cases the problem is resolved by unpacking and airing the cargo. In extreme cases, and where possible, washing the goods may be appropriate in the case of clothing and the like. These tasks are, however, labour intensive and require a considerable amount of free space, which means the cost of such operations may not be economically viable.

### Prevention and actions – Contamination and Taint

- Carriers must ensure that the cargo spaces of vessels and conveyances including containers and trailers are clean, dry and fit to receive the goods being carried
- The use of dedicated vehicles for particularly vulnerable or conversely potentially harmful goods must be considered
- All health and safety regulations which apply to the carriage of dangerous or hazardous goods must be complied with
- A laid down procedure for vehicle cleaning, steam cleaning etc. must be strictly enforced to ensure compliance by drivers
- Cleaning facilities to be made available
  - steam cleaning certificates to be obtained and retained
  - equipping drivers with a brush may be an effective measure in some cases
- When taking collection of loaded containers and trailers a careful examination should be made for evidence of contamination or taint
- When storing goods, care should be taken to ensure they are not exposed to contaminants or taint by appointing a safe storage area for particularly susceptible goods, having taken due regard to their nature and that of other goods in store at the same time
- Storage areas must be checked to ensure they are clean, dry and free from contaminants and pungent odours prior to the goods being taken into store.

### Infestation Risks

Infestation by insects and vermin is common in bulk cargoes, particularly foodstuffs and fruits. Often the infestation exists at the time of shipment but does not become apparent until later in the voyage. Such infestation has its proximate cause prior to the commencement of transit and is generally not an insurable risk. Infestation may, however, occur during the transit as the insects or vermin migrate from one cargo to another or from the packaging of one cargo to another. Such infestation is generally covered by insurance as it is external to the cargo insured and was not present when cover attached.

Infestation is not limited to foodstuffs and may affect furniture, clothing and textiles.

A major source of infestation in modern times is the packaging materials, whether this is cardboard cartons, hessian bags or wooden crates.

Untreated timber used in the making of pallets or used as dunnage to 'chock off' cargo in containers and ship's holds may contain the eggs and larvae of various insects.

If the infestation migrates from the original packaging to its cargo it is considered an inherent vice and will not be covered by insurance unless special cover has been agreed.

It is often difficult to know whether the infestation is inherent or is a cross migration without forensic examination, where the origin, age, and species of infestation may be identified.

In recent years bamboo and rattan furniture has been found to be infested as insects have hatched and developed in the darkness and warmth of shipping containers or worse at a later date in the warmth of a cosy conservatory.

### **Prevention and Actions**

Many of the problems related to taking delivery of contaminated goods also apply to goods which are infested or suffer the results of infestation. A number of the actions listed under "Contamination and Taint" are, therefore, applicable to infested goods and cargoes.

The following actions need also to be considered:

- Fumigation of the cargo immediately infestation is identified. However, check the number of times the cargo has previously been fumigated and beware of the effects of over fumigation i.e. the chemical residue left on the goods:
  - check the Transit documents to see if fumigation was carried out prior to the commencement of transit. For certain goods which are susceptible to infestation, such fumigation may be a requirement of the buyer and specifically called for in the letter of credit or may be required by the port authority or vessel. Fumigation Certificates should be issued at each fumigation, containing details of the type and quantity of fumigant and where and when it was applied
  - fumigation of goods is sometimes necessary as a matter of course for certain foodstuffs or where a definite problem has been identified. It should not be carried out routinely as a precaution unless serious consideration has been given to the likely consequences.

## Loss Prevention Health Check

## Whilst in Transit

- Once the goods are in transit it is too late for the cargo owner or freight forwarder to do anything except rely upon the carriers and other bailees to perform their duties correctly and for the weather and good fortune to be with them
- With modern technology, some carriers provide customers with a tracking service accessed via the internet. Each consignment note is bar coded and each customer is given a password linked to that barcode
- Cargo owners should check the progress made by the goods regularly throughout transit until final delivery. Any delays or wrongful delivery can be identified immediately
- As technology advances, this type of system may extend to all types of cargoes in transit with tracking by GPS (Global Positioning Systems)
- Providing it is checked regularly, particularly at the estimated time of arrival and critical points, such systems will give early notice to the cargo owner (seller and buyer) of loss, mis-delivery and delay.

## Loss Prevention Health Check

## Delivery

### People

- Selection and recruitment of staff
- Obtain references in writing from two former employers
- Obtain two passport size photographs, keep one on file
- Issue security badges incorporating the second photograph
- Ensure only authorised personnel with security badges are allowed in the cargo receiving area
- Explain the job roles and the department's function to employees and explain how these fit into the overall business plans for the organisation
- Explain the procedures to be followed and what standards of performance are required
- Explain how job performance will be monitored
- Provide written checklists so that procedural steps may be followed fully and in the recommended order
- Train personnel in how to implement the steps in practice
- Monitor performance and provide further training if necessary
- Revisit the procedure whenever the method of operation or type of cargo changes to ensure they are still valid and provide 'best practice'. Amend as necessary
- Check regularly that when training is given by current staff to new staff, the training is delivered fully and correctly and that no unauthorised short cuts or departures from procedure occurs.

### Procedures

- Check the vehicle when it arrives and before unloading the cargo and note any defects, particularly to the cargo carrying compartments, containers or trailers. Note any broken or perished door rubbers, holes or old repair patches
- Check the security seal is intact. Record the seal number, check that it is the correct number (the same as shown on the transit documents and commercial invoice). Retain the seal until the goods have been unloaded, checked and counted. If discrepancies are discovered the seal may, after closer scrutiny and forensic examination, provide valuable evidence of tampering or substitution
- When opening container doors or trailer curtains observe the nature of the stow. Note if it appears to have been tampered with. Have the goods been secured correctly?
- Count and check the external condition of the goods. Note any discrepancies, damage, staining or unusual odour
- Record details of all the damage and discrepancies noted on the delivery receipt
- Open all suspect packages as soon as possible after delivery and carry out a thorough inspection
- In cases of more than minimal loss and/or damage notify Insurers or their claims survey and/or selling agents immediately
- Write to all carriers and bailees holding them responsible for the loss or damage. At this stage it may not be possible to identify the actual party who is responsible, but it is important that this action is taken in writing within the time period laid down in the Contract of Carriage or Trading
- Segregate sound and damaged items
- Take whatever action is required to avoid or minimise further loss, damage or deterioration of the goods
- Example – remove to sheltered area, airing, drying, and removing wet packing
- Make available for inspection to the surveyor or loss adjuster appointed by the insurer.

## Delivery of goods – Risk Management

### Shortage and Non Delivery

Shortage and non delivery may arise from a number of reasons, usually either a mistake in the number of goods or weight of goods being shipped resulting in a quantity being short shipped or mis-delivered.

Goods may also be discharged at a port other than the discharge or transhipment port resulting in them not being identified and reconciled with their documentation. Sometimes this is due to incorrect documentation but may also be caused by human error. It may be difficult to prove when or where the loss occurred.

Risk management of such risks by the receiver of goods has more to do with establishing proof of short shipment than with the prevention of the shortage occurring in the first place.

Not all shortages are capable of being insured against. It must be noted that a short shipment of goods by a supplier is not covered by transit insurance as the loss has occurred prior to and not during the insured transit.

In some cases a shortage may be attributable to leakage or loss in weight which occurs as a natural consequence of moving the cargo. For example, grain being carried in bulk will dry out in the vessels hold and lose weight, during the discharge some grain will be lost to the wind and be scattered by grabs. Another example would be bulk liquids such as oil, a residue of which will remain on the sides of ships tanks and pipelines after discharge. Such risks are not covered by insurance as they are inevitable to some extent. Insurance will pay for the shortage over and above that which is considered normal and which can be attributed to a fortuity which was external to the cargo itself. For more information see the section dealing with leakage and loss in weight.

#### Prevention and Actions

- For carriers collecting goods it is important to check both their quantity and condition and to record any discrepancy on the collection note, transit document or receipt as may be appropriate
- When goods are being collected in containers or trailers it is not possible to examine the contents. Instead it is important that the container or trailer is thoroughly examined for any defects or damage particularly to curtain sides of trailers or container doors. In addition, locks (if used) and security seals should be checked to ensure they are intact and that their numbers correspond with those on the transit documents

- The following actions are appropriate for warehouse keepers and people taking delivery of goods:
  - non Delivery of a complete load
  - check that the details shown on all transit documentation are correct
  - when goods fail to arrive on the expected day contact the carrier/freight forwarder/supplier immediately by phone and fax or email.

#### Shortage and Non Delivery of part of a load

- Taking delivery always:
  - examine the exterior of the vehicle, container or trailer for signs of rips or tears through which goods could have been removed
- Security Seals:
  - check condition of security seals
  - check number on seals and compare with that shown on the documentation
  - query if the seal attached is the original
  - retain seal for forensic examination should goods be missing
- Doors and locking bars:
  - check that the doors of the vehicle, container or trailer are closed correctly
- Opening the doors of vehicles, trailers and containers:
  - take care when opening doors, particularly of shipping containers. Use a short rope to pull doors open to avoid goods falling and causing injury
  - before commencing unloading examine how the goods are stowed and note any gaps in stow and any movement of the stow which has taken place
  - digital photographs taken at this time may prove vitally important is proving that a loss occurred prior to transit
- Unloading operation:
  - note any irregularities which occur during unloading such as gaps in or collapse of part of the load.
  - make a careful count of the quantity of packages and retain all rough notes and tally sheets until certain no losses have occurred
  - note any discrepancies to the goods or outer packaging
  - note the tape used for sealing cartons and bags. Is this the original tape as used by the suppliers or have cartons been “over taped”?
- When shortage is identified:
  - calculate the dimensions and weight of the goods which are expected and compare these with the dimensions and weight capacity of the container/trailer/vehicle. Consider whether the conveyance is large enough to accommodate the expected load. Often goods are shut out at despatch because the vehicle lacks the capacity to carry the full consignment
- Before removing from the unloading area make a thorough check of the condition and quantity of goods and compare the quantity with that shown on the transit documentation and commercial invoice.

By taking these steps the warehouse keeper will, in the event of a loss, be able to show that the loss occurred prior to delivery enabling the goods owner to claim against the cargo insurer, the supplier or the carrier of the goods depending on where the loss has occurred.

## Damage and Breakage

Damage and breakage claims fall into three main categories:

- Losses which result from identifiable incidents such as collision of the vehicle or accidents involving lifting or handling equipment
- Losses which result from inadequate or defective packaging and protection
- Losses which appear to have occurred during transit but the precise time, place or cause of damage is unknown.

The claim will be reviewed on a basis known as 'the balance of probabilities', and generally is proved or disproved by the submission of various documents relating to the transit, storage and delivery. These documents, such as consignment notes and receipts, provide prima facie evidence of the condition of the goods when they were accepted for shipment or carriage and when they were transferred from one carrier to another until the time they are delivered.

It is therefore extremely important that all drivers, warehouse staff, packers and dispatchers are trained not to provide or accept documents such as receipts without first carrying out a thorough count and examination of the goods. If the goods are not in the same condition or quantity as described in the documents, then the documents should be endorsed to show the actual condition of the goods and the discrepancies which have been identified. If such discrepancies are not recorded on the documents and the goods are delivered short or damaged the carrier will be held responsible with little chance of legitimately avoiding liability.

## Leakage and Loss of Weight

Inevitably natural losses in weight or volume will mainly arise in bulk liquid and dry-bulk cargoes. These cargoes are usually loaded and unloaded onto vessels and vehicles by pipes, grabs and gravity fed conveyor belts meaning that small amounts of cargo will be blown away or lost in the pipes and tanks of the vessel and also by evaporation. This natural loss is not accidental in nature, but is inevitable to a greater or lesser degree. It is a loss which is expected and well known to the particular trade. Natural losses are not insurable and insurance for such cargoes will take account of these by including a deductible or excess.

Other leakage and shortage may however occur as a result of an accident to the vessel or conveyance. This may involve the cargo being discharged at a port of distress or being transhipped, where the handling and exposure to loss is increased considerably.

It is not uncommon for leakages and shortages, particularly of bulk cargoes, to be losses only on paper. Mistakes in the weighing or tallying up of the various cranes, lifts or truck loads at the time of loading may manifest themselves as shortages at the time of unloading at the discharging port or destination.

Leakage may occur if the goods are shipped in bags, sacks or drums. The main causes are:

- Bags and sacks:
  - splitting due to material not being strong enough to withstand handling and stresses in stow
  - stitching coming apart
  - rips and tears due to contact with other cargoes, dunnage and handling equipment
  - hook damage. Hooks are used by cargo handlers to break down stows and handle cargoes
- Drums:
  - insecure or poorly fitted lids coming loose in transit
  - the use of second hand drums with pre transit damage particularly to rims resulting in a defective closing seal with the lid
  - incorrect stowage of drums putting pressure on drums in the lower tiers of the stow:
    - failure to use a load spreading membrane between upper and lower tiers
    - drums on pallets incorrectly secured
    - Insufficient dunnage to secure the load resulting in drums moving together and lids becoming loose.

### Prevention

- Take care to stow and secure drums and bags correctly
  - consider the movement and stresses which will occur in the stow during transit
  - use sufficient dunnage and securing, and chock off loads to prevent movement
  - do not squeeze the load into the vehicle or container expecting it to secure itself without causing damage
- Use proper handling equipment
  - abide by instructions such as 'Use no Hooks'.

It is important for carriers and bailees to remember that leakage and spillages present a real risk of contamination to other goods and subsequent loads. The cost of prevention can be considerably less than a clean up operation.

Loads and stows must be checked thoroughly by drivers before the commencement of transit. Signs of leakage or spillage must be identified, recorded and addressed if losses and costs are to be avoided or limited.

### The Delivery Receipt

Do not sign the Delivery Receipt which may be presented by the delivering carrier until a thorough external inspection and count of the goods has been carried out.

Any signs of damage, staining or wetting, opened packaging or shortage should be recorded by you on the delivery receipt (ensure all duplicate pages show your comments).

Obtain and retain a copy of the delivery note as this evidences the condition of the goods when you received them and should be sent with your claim.

If you are not presented with a delivery receipt, draw up your own list showing:

- Discrepancies
- Carriers name
- Delivering vehicles registration number
- Signature and printed name of the driver
- Check Identity of the driver
- Signature and printed name of person accepting delivery
- Time and date of delivery.

#### IMPORTANT

Do not sign for goods as "Unexamined" or "Not checked".

### Unpacking and Checking the Goods

If loss or damage has been discovered or is suspected, the goods should be unpacked immediately after delivery.

Careful checking and counting should be done and recorded showing the condition and discrepancies for each carton/package/bag etc.

### Taking action to prevent further loss or damage

Damaged goods should be segregated from sound particularly if wet damage or contamination is identified.

Apply "first aid" to the goods e.g. drying, airing, removing wet packaging or patching holes to prevent further spillage or leakage etc.

### Advising Insurers

Advise Insurers or their representatives immediately particularly if the damage or loss is severe.

Contact names and addresses are shown in the insurance policy which should also contain details of the insurance claims procedure and the documents generally required to progress the claim.

### Notify the Police

In addition to notifying Insurers, notify the Police immediately in respect of losses where a crime such as theft, arson, or malicious damage is suspected.

Obtain a crime number from the Police as this will assist Insurers when making further enquiries.

### Holding the Carrier Responsible

Immediate notice must be given in writing to the parties responsible for the loss or damage.

It is best to hold all parties involved in the movement and storage of the goods responsible for the loss and/or damage. This includes the freight forwarder and/or import agent.

It may not be apparent who is actually responsible until investigations have commenced, and by then the applicable time period for giving notice under the conditions of carriage and/or trading may well have expired.

### Inspection of Goods by a cargo surveyor or loss adjuster

The Insurers will appoint an independent cargo surveyor or loss adjuster if deemed necessary

- Make goods available for inspection
- Agree course of action with Insurers appointed surveyor
- Make all claims documentation available.

The cargo surveyor will advise what documents are required in order for your claim to be dealt with and will help you obtain these documents if necessary.

## Risk Management from Aviva

Most business managers can, with careful thought and common sense, identify most of a business's security weaknesses. Look at the various aspects of the business and operation i.e. the office, the storage area and the goods outwards and inwards areas. Consider what needs to be done in each of them and implement the most effective and appropriate solution. Don't spend money on hi tech devices when good locks or better working practices would suffice.

Prioritise and rationalise the response to risks, consider what needs protecting most i.e. a storage room of packaging materials or a desk drawer full of important documents.

Look realistically at the location and personnel. Consider what threats arise both externally and internally.

Physical security will not be effective without operational security and good employee training.

Doors which are left open during working times for whatever reason, such as to allow better ventilation or easier movement between areas by employees, can provide the same ease of movement to thieves.

### Find the Right Help

It is always useful to obtain the thoughts of somebody outside the business. These may be the views of a crime prevention officer, a cargo surveyor or a loss adjuster. Aviva's Risk Surveyors have a wealth of knowledge built up over many years. More importantly, they are actively involved in crime and loss prevention every working day in conducting pre risk and post loss surveys. The information acquired and provided by Risk Management Solutions is that which is the most up-to-date.

### Hauliers Can Reduce Losses by Implementing Best Practices

Most losses, even large losses, can be eliminated by implementing simple low or no cost methods and practices.

At Aviva we have a large Freight Liability portfolio and an even larger cargo account, so when it comes to loss prevention our Freight Liability and Cargo underwriters are in an excellent position to give our customers valuable advice based on our wide experience. Our claims team keep our underwriters fully informed on all matters concerning losses including trends, themes, scams, criminal 'hot spots' and accident 'black spots'. In addition our panel of expert cargo surveyors and loss adjusters continually update us concerning the problems and difficulties faced by carriers and bailees.

It is in everybody's interest that losses are avoided.

Most losses arise because of:

- A lack of awareness and understanding, capability and/or motivation
- Poor communication
- A failure to recognise the need for best practices and procedures.

Best practices should be applied in all aspects of business and range from the way employees are selected, recruited and trained, the procedures they should follow when delivering or accepting goods, to the method and quality of communication between the carrier and their customers and sub contractors.

All of these can be introduced at little or no cost.

In a busy transport or shipping office implementing best practices and effective controls enhances performance and actually saves valuable time spent correcting mistakes, dealing with the customer's claims and complaints.

#### Some interesting facts:

Fact: The profitability of any portfolio can be greatly affected by a high value claim.

An analysis of high value claims statistics for commercial motor fleets reveals the following:

- For one in six cases sustaining a six figure loss, a second similar sized loss occurred within five years
- Almost a third of the drivers involved in high value claims had been employed by the Insured for less than one year. A high turnover of drivers emphasises the importance of new driver selection, induction procedures and training
- Policies with a higher than average ratio of 'Insured at fault' accidents are more likely to incur a high value loss
- Proportionately, drivers under 25 (but especially those driving light vans), are responsible for noticeably more serious collisions than other age groups
- Of the more controllable causal factors, driver fatigue was most prominent. The majority of such incidents occurred in darkness and on motorways. Invariably there was a reason for the tiredness, which in many cases could be tracked back to the demands of the job, high radius of operation and/or high mileages.

It is clear that many large losses can be avoided by implementing good practices and improved organisation and management.

## Useful Links

### **Risk Management Solutions – [www.aviva.co.uk/risksolutions](http://www.aviva.co.uk/risksolutions)**

A specialist division of Aviva dedicated to minimising risks for businesses, offering training and consultancy services on a range of health and safety and environmental issues.

**Contact: 0845 366 66 or email [risksolutions@aviva.co.uk](mailto:risksolutions@aviva.co.uk)**

### **Health and Safety Executive – [www.hse.gov.uk/risk](http://www.hse.gov.uk/risk)**

Practical guidance for businesses and more in-depth information relating to the Health and Safety Executive and Risk Management.

### **Association of Independent Risk Managers – [www.airmic.com](http://www.airmic.com)**

A key driving force in developing business risk management for the UK and now in Europe. The site includes a printable Risk Management Standard.

### **Publicly Available Specification (PAS) – 56 – [www.pas56.com](http://www.pas56.com)**

PAS 56 is a standard for a risk management approach to business continuity.

### **Health and Safety Executive's Manual Handling Assessment Chart (MAC) Tool – <http://www.hse.gov.uk/msd/mac/>**

The MAC tool has been developed to help identify high-risk workplace manual handling activities. The tool can be used to assess the risks posed by lifting, carrying and team manual handling activities. This is achieved by means of self-assessment chart and guidance. There are case studies and examples, illustrative video clips with examples of possible controls. It is designed to help users understand, interpret and categorise the level of risk of the various known risk factors associated with manual handling activities. The MAC incorporates a numerical and colour coding score system to highlight high-risk manual handling tasks.

## Making a Claim

Marine Claims Centre  
Aviva  
3rd Floor  
2/10 Albert Square  
Manchester  
M60 8AD

Telephone Number: 0161 832 4466

Fax Number: 0161 827 3639

## Cargo Claims Procedure and Documents

Upon discovering a potential claim there are three important actions to be taken immediately:

1. Notify the local Aviva Marine Office or settling agent shown on the certificate of Insurance so that you receive advice and support in evidencing and progressing your claim. A survey of the loss/damage may be arranged.
2. Make every effort to minimise the loss and/or and prevent further loss or damage.
3. Hold the carrier or other relevant party responsible.

## Claims Documents

The following documents should support the claim:

- A. Original Certificate of Insurance or Insurance Policy**  
or identification of relevant policy and declaration number. These documents provide details of the Insured value, Cargo and Conditions of Insurance and evidence insurance is in force.
- B. Sales Invoice**  
This document provides a description of the goods, evidence of their cost and the conditions of sale, i.e: FOB, CFR or CIF etc.
- C. The Transit Document** – Original Bill of Lading, Airway bill or CMR Consignment Note.  
These documents are proof that the goods have been shipped and provide details of their condition and of the contract of carriage (original documents are required).
- D. Final Delivery Receipt**  
Customers should always examine goods being received and note any discrepancies of shortage or damage on the delivery receipt. As well as providing evidence of loss this also helps protect recovery rights against the carriers responsible for the loss.
- E. Copies of all Correspondence Exchanged with Carriers etc.**  
Holding the carrier or other bailee responsible for the loss and quantifying the claim to them within the required limit. All responses received.

## Freight Liability Claims Procedure and Documents

Upon discovering a potential claim there are important actions to be taken immediately:

1. Notify the Aviva Regional Marine Claims Centre in Manchester so that you receive advice and support in dealing with the claim. A survey of the loss/damage may be arranged.
2. Hold the relevant party responsible (other carriers, sub-contractors etc.).

The following documents should be submitted to support the claim:

- a. Completed freight liability claim form
- b. Copy of the cargo-owners commercial invoice covering the goods
- c. Statement of claim
- d. The transit document, CMR or consignment note
  - these documents are proof that the goods have been shipped
- e. Final delivery receipt
- f. Confirmation of conditions of carriage applicable
- g. Copies of all correspondence exchanged with subcontractors etc.

Aviva sometimes require additional information and/or documentation specific to a particular claim. e.g. drivers statement, weight of goods etc.

## Warehouse Keepers – Risk Assessment

### Location

1. Deserted industrial estate in run down area with high incidence of crime.
2. Remote rural location with easy access to motorway network.
3. Does the site inadvertently advertise what it does, i.e. empty packaging lying in yard?
4. Availability of good quality staff locally.
5. Approach.
6. Can site be accessed from neighbours, wasteland etc?
7. Potential for flooding (check on history and flood mapping software).
8. Fire hazards from neighbouring premises.

### Perimeter Security

1. Height and type of fencing.
2. Age and condition.
3. Evidence of a regime of maintenance.
4. Are gate hinges secure, can gates be lifted off?
5. Can they be ram-raided?
6. Quality and type of locks/chains, as appropriate.
7. Is the locking mechanism protected by metal shroud?
8. Are the locks of good quality with registered keys?
9. Is the fence electric and/or provided with trembler wires?
10. Is a barrier in place to stop vehicles reversing into fences when parking?
11. Are PIR beams/redwall in place and maintained?
12. Razor wire, anti-vandal paint.
13. Does the gate look like it is never closed or locked?
14. Who has keys/access to combinations?
15. Who controls keys/combinations/passwords?
16. Where are keys stored?
17. Third party security company?
18. If physical security presence, do guards patrol and log in?
19. Who checks the log?
20. Is the yard well lit?
21. Remote surveillance.

### The Buildings

1. Age and type of construction.
2. Maintenance.
3. Proximity of any combustible waste to buildings.
4. Security.
5. Alarms, PIR beams, carousels CCTV (digital/analogue).
6. Tremblers in walls.
7. Does cargo get stored in such a way that it obscures sensors?
8. Key control.
9. Cages for high value stocks.
10. Water drainage.
11. Fire precaution/training.
12. Proximity to services
13. Sprinklers fitted.
14. Maintenance contract.
15. Fork lifts/other equipment charging points – maintenance.
16. General housekeeping standards.
17. Cigarette ends on warehouse floor.
18. Is there an enforced no-smoking policy.
19. Visitor access controlled.

### Staff

1. Turnover.
2. Training.
3. Motivation.
4. Management involvement.
5. Knowledge of product stored.
6. Relationship with sub-contractors, drivers etc.
7. Manual issued to staff and updated.
8. References taken and checked.

## Storage Methods

1. Are goods stacked directly on floor?
2. If palletised, are sound pallets used?
3. If racked, age and condition of equipment.
4. Are lights fitted with glass or polycarbonate covers?
5. Compatibility of stocks held.
6. Do customers specify stacking pattern?
7. If so, is this safe?

## Procedures

1. Incorporation of trading conditions.
2. If UKWA, are 'Standards of Warehousing' used?
3. Any special contracts with increased limits of liability.
4. Stock control.
5. Rodent barriers.
6. Checks of sub-contractors.
7. Sub-contractors own trading conditions and liability insurance.
8. System of key/password control.
9. Reward system for provision of information re stock losses.
10. Are thief-attractive goods stored or transported and do Insurers know?

## Checks on Subcontractors

1. Previous claims experience.
2. How many different Insurers in last five years?
3. Credit check if appropriate.





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