Security Management for Motor Carriers

Michael Nischan is responsible for the transportation risk control practice at The McCart Group in Atlanta, Georgia

In this interview, Nischan explains the importance and benefits of security management in a motor carrier operation.

TPS: Please provide an overview of The McCart Group and your position in the risk control practice.

MN: The McCart Group, celebrating its 40th anniversary this year, is an independent insurance broker in Atlanta and a partner of Assurex Global, a privately held risk management and commercial insurance brokerage group. We offer risk control, safety, claims management as well as property/casualty insurance solutions. Additionally, our employer services division delivers benefits and payroll administration services.

We have seven consultants in our risk control practice, and we offer both value-added and outsourced services to address specific needs in the areas of occupational, environmental and transportation risk management. I am responsible for serving our clients with their motor carrier compliance, safety and security needs.

TPS: Why should security be an important concern for motor carriers?

MN: The economy went downhill for most of us, business was up for cargo thieves. The average loss per motor carrier is around $471,000, not including theft of vehicle equipment. A theft can be a violent crime risk to employees, but it also costs a motor carrier in terms of business interruption, reputation, equipment repair and replacement, claims and increased insurance premiums.

TPS: Are consumers affected at all by a motor carrier’s security efforts?

MN: Ultimately, yes. These losses affect us all since we are all consumers, and the consequences include:

1) Products that never arrive at their destination, so we are deprived from purchasing them.
2) Products that arrive late, damaged or in an otherwise unacceptable condition, so we are deprived from getting what we paid for.
3) Products that become more expensive over time.

TPS: Not all motor carriers transport high-value commodities. Should they still invest in precautions?

MN: “Freight at rest is freight at risk,” and even if you have a low-value commodity, rest assured that there is someone out there who will gladly steal your truck and trailer to commit other cargo crimes using your equipment. Even if a motor carrier has no products on board at the time of equipment theft, they are “feeding the crime” among others in the trucking industry due to failure to secure their own facility and equipment.

TPS: What can the trucking industry do to thwart cargo theft?

MN: Industry must continue to invest in itself. With a minimal investment, every motor carrier can raise its security efforts. Facilities can benefit from improved barriers and lighting, trucks can benefit from technology to track motion and to prevent theft while parked and drivers can be educated about situational awareness and observation skills.

TPS: What can the insurance industry do to thwart cargo theft?

MN: There is a greater need for the insurance community to work
together in this area. Cargo security is constantly on my mind, but I do not hear it mentioned enough in insurance circles. I always hear discussions about hot topics, such as compliance/safety/accountability (CSA), driver qualification or hours of service, but I would like to see more emphasis on proactive security efforts. There should be greater emphasis on questioning prospective and existing clients, and renewals should be an opportunity to compare loss history to continuing security efforts.

**TPS: What are your top five suggestions for a motor carrier to begin managing its security risks?**

**MN:** 1) Be very concerned. This is not “somebody else’s problem.” Eventually, this crime may affect you directly.

  2) Contact your state trucking association to learn what law enforcement efforts are underway.

  3) Join an association and get involved to stay informed about trends and solutions.

  4) Get to know the law enforcement officers who are on the front lines against cargo theft. This way you can maintain a steady stream of knowledge to protect your company.

  5) Seek guidance from a security professional who can review your practices and can provide recommendations to enhance your security.

**TPS: What do you believe are the greatest challenges to motor carriers today? What are the solutions?**

**MN:** Aside from the driver shortage and a challenging economy, the two greatest challenges are CSA and security. CSA is merely a new way of doing enforcement. It is not a new regulation, but it is a better way of enforcing current regulations, and it will ultimately have many benefits to the overall posture of motor carriers. Security seems to be an “out of sight, out of mind” issue. Many motor carrier executives have decided (without validation) that their operation is at low risk and that is simply untrue. If you have at least one truck, you have a theft risk.

In terms of solutions, a motor carrier must have a dedicated management team in place to guide all transportation and security efforts. Secondly, if motor carriers do a good job in driver selection, they will hire better quality drivers and this will enhance their chances of faring better under CSA. Good driver selection aids in driver retention, and considering the average cost to hire and train a driver is $6,000, it is time well-spent to focus on hiring the best driver rather than hiring a warm body to drive a truck. Thus, this type of motor carrier may not be as affected by the driver shortage and can better deal with a challenging economy. These same efforts can pay off in the security component of your operation because that same higher-quality driver is more likely to adhere to your security practices.

The motor carrier’s management team needs access to knowledgeable persons who can guide them with their security efforts, whether those persons are part of the organization or are hired from outside sources.

Michael Nischan, CDS, CCSP, has nearly 20 years’ experience in transportation. He began his career in the radio and television industry, working both on the air and as technical engineer. He then worked in law enforcement, where he focused on traffic enforcement and accident investigation. He then moved into private industry, where he was responsible for the transportation operation for a manufacturer. He joined The McCart Group in 2000 to create the firm’s first transportation risk control practice.

In his role with The McCart Group, Nischan helps motor carriers achieve and exceed regulatory requirements, develops management and training programs, implements operational controls to enhance efficiency and productivity and educates all members of an organization on compliance and security measures.

He is an instructor with the North American Transportation Management Institute (NATMI) and serves the Georgia Motor Trucking Association (GMTA) in providing professional certification and training courses for transportation managers. He teaches compliance, management, accident investigation and security principles. He is a member of the NATMI Certification Board and plays an active role in continuing enhancement of NATMI educational materials.

He is the only certified cargo security professional employed by an insurance or risk management firm in Georgia. He is a member of many organizations in addition to ASSE, including the GMTA, NATMI, South East Transportation Security Council and the Council on Litigation Management.

Nischan has spoken at conferences held by Assurex Global and Public Risk Management Association in addition to presenting at various seminars held annually. He has published several articles relating to transportation and security, and he has served as a volunteer driver instructor with the BMW Car Club of America Street Survival program. He holds a B.A. from Lenoir-Rhyne College.

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