



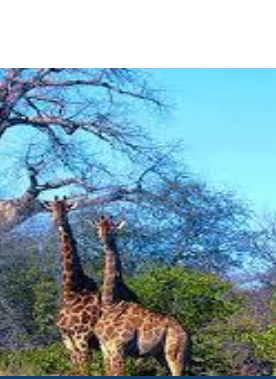
IUMI 2018

## THE REALITIES OF MARINE RISK IN SOUTHERN AFRICA

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MARINE LOSS CONTROL MANAGER AFRICA AND MIDDLE EAST  
AIG SOUTH AFRICA LTD

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South Africa

Diverse

Beautiful

But it does have it's Challenges

## AGENDA

- CAUSES OF LOSS
- TARGETED GOODS
- HIJACKINGS
- WAREHOUSING RISKS
- CIVIL UNREST AND STRIKES
- TAPA



## **The main causes of cargo losses in Southern Africa are :**

- **Hijacking of cargo**
- **fire, collision and overturning of road conveyances.**
- **Over loading of vehicle and no route assessments**
- **Incorrect loading and securing procedures**
- **Lack of maintenance of road vehicles**
- **Perishable cargo losses as a result of delay, incorrect temperature settings or malfunctions of refrigeration units**
- **Deceptive pick up of container shipments**
- **Warehouse losses due to thefts, fires and NATCAT.**



# TARGETED GOODS



## THE TARGETED GOODS CHALLENGE.....

Electronics, Food & Drink, and Clothing comprising over 40% of cargo theft incidents. Just eight commodity groups account for 60% of cargo thefts, as in the following table.

|                      |        |
|----------------------|--------|
| Electronics          | 17.00% |
| Food & Beverages     | 14.81% |
| Clothing             | 10.13% |
| Metals               | 5.59%  |
| Machinery & Vehicles | 5.26%  |
| Cosmetics            | 4.18%  |
| Chemicals/ Oils      | 1.59%  |
| Minerals             | 1.17%  |
| Medicine/ Pharma     | 0.99%  |



# HIJACKING CHALLENGES



## HIJACKING RISK

**Driven by social and economic conditions**

**Sophisticated criminal gangs using signal jammers ,  
diversion tactics , infiltration teams , inside information  
and planted employees**

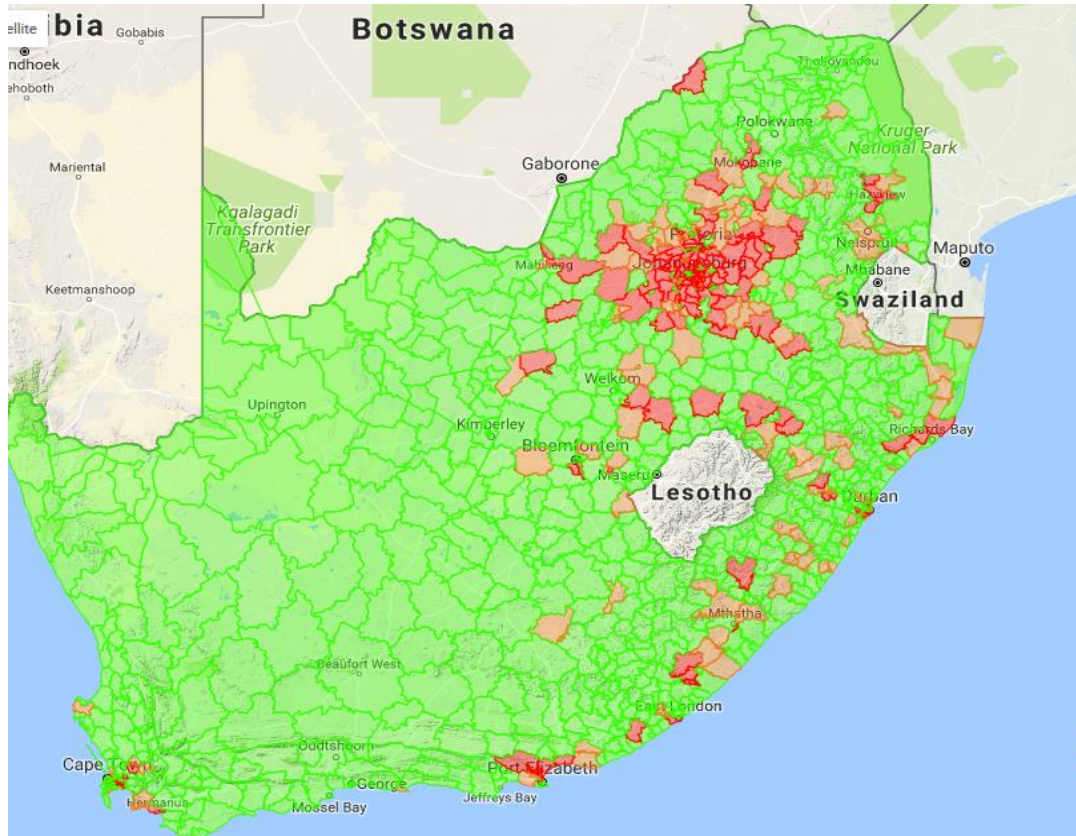
**Truck hijackings in South Africa saw a negligible decline  
from 1184 in 2016 to 1183 in 2017, although some of the  
provinces did experience worrying increases in the  
2016/2017 period.**

**Gauteng with 668 recorded in 2016/17, albeit down 3.9  
percent.**

**Second highest was Mpumalanga, at 178, down 8.2%.**



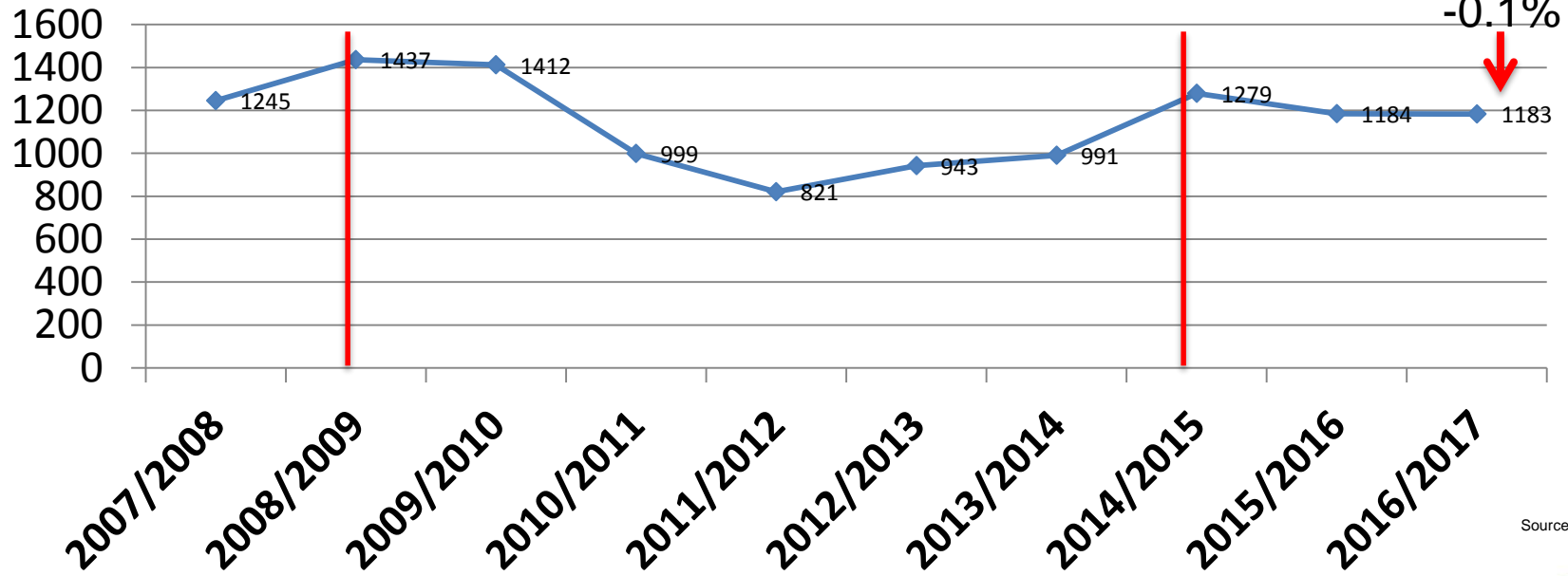




## 2017 HIJACKING HOTSPOTS IN SOUTH AFRICA

Source: Crime Stats SA

# Annual Truck Hijackings in South Africa



Source: Crime Stats SA

 Economic Downturn

## **HIJACKING - Modus Operandi**

- **Sophisticated 12 antennae jamming devices in use.**
- **Drivers intimidated to give info on shipments.**
- **Insider information being passed on shipments**
- **Gangs dressing up as Police , security and army and cases where bonafide police , metro police , security personnel aid gangs have been implicated.**
- **Violent Hijackings with the use of fire arms. Usually 2 or more cars involved**
- **Fraudulent pick up on the increase due to successful hacking of transport Company Data bases acquiring access to shipping documentation.**

## ANTI HIJACKING MEASURES

- Use of security technology in the Logistics market – Anti jamming devices
- Use of reputable and expert monitoring and reaction services
- Constant communication with control rooms – in cab cameras, microphones etc
- Background check of Drivers.
- Keep knowledge of shipment and route to a select few.
- Driver awareness training with regards to security procedures
- No cell phones on loading floor
- Subcontracting of transport companies - Good security measures in place
- Aattain TAPA accreditation



# WAREHOUSING AND ASSOCIATED RISKS AND CHALLENGES



**“Risk managers and insurers are under increasing pressure to scrutinise and revise risk management programmes in line with the new normal of South Africa’s unpredictable weather patterns**

**“Catastrophes, particularly in the last five years, have caused billions of rands in damages and insurance claims. Linked to climate change, NatCats are becoming more prevalent in South Africa’s spring season from September to November. They are also intensifying, causing property losses to climb and the insurance gap, between actual and insured losses, to widen.”**

**Reinsurers no longer regard South Africa as a low catastrophe risk region**

Source : Risk Africa Magazine



**The Primary cargo hub in South Africa**

**5 ships broke loose in the port with one blocking the Port entrance**

**Excessive flooding resulted**

**Multiple claims on warehouses with flood damage.**

**Total Estimate of losses was US\$ 75 million.**



## DURBAN STORM 2017





**Mozambique , Zimbabwe and South Africa– Close logistical links to South Africa.**

**Mozambique - Flooding as a result of Heavy rains and Tropical storms are a frequent reality**

**Southern Mozambique Floods 2000 and 2017.**

**2000 Floods worst in 50 years**

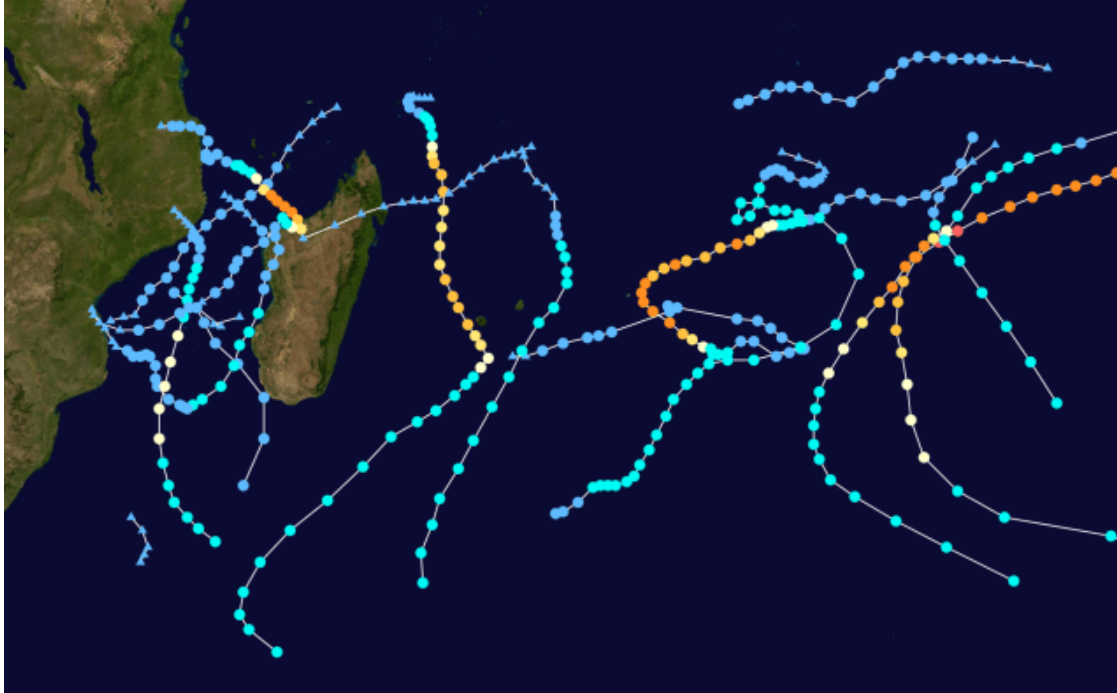
**700-800 deaths**

**\$500 million in damages**

**Huge impact on  
Logistic supply chains**



## Mozambique , Zimbabwe and South Africa– The real threat of Cyclones.



Cyclone Tracks

## **HAIL DAMAGE**

**Yes we do get hail storms in South Africa**

**Damage runs into Billions of Rands per year**

**Prevalent on the Highveld but the coastal and Lowveld areas are not immune**

**Difficult to predict and give ample prior warning**

**Recommend hail nets for vehicle storage risks and adequate roofing for warehousing risks**



# Drought

## Impact on Fire fighting capability

**Severe drought conditions in the Western Cape have increased the risk of catastrophic fire losses in the region.**

**The water scarcity condition in South Africa and both long-term/chronic and short-term conditions/restrictions currently being experienced have a significant impact on our water-based fire protection systems, potentially compromising their integrity and increasing fire risk/loss exposures.**



## Transnet warehouse Durban March 2017



Source : News24

**The single largest warehouse Fire loss**

**Loss estimates – ZAR1,2 Billion. – US\$90 Million**

**Had multiple tenants**

**Many unknown commodities**

## **Operational risks and challenges in Warehousing .....**

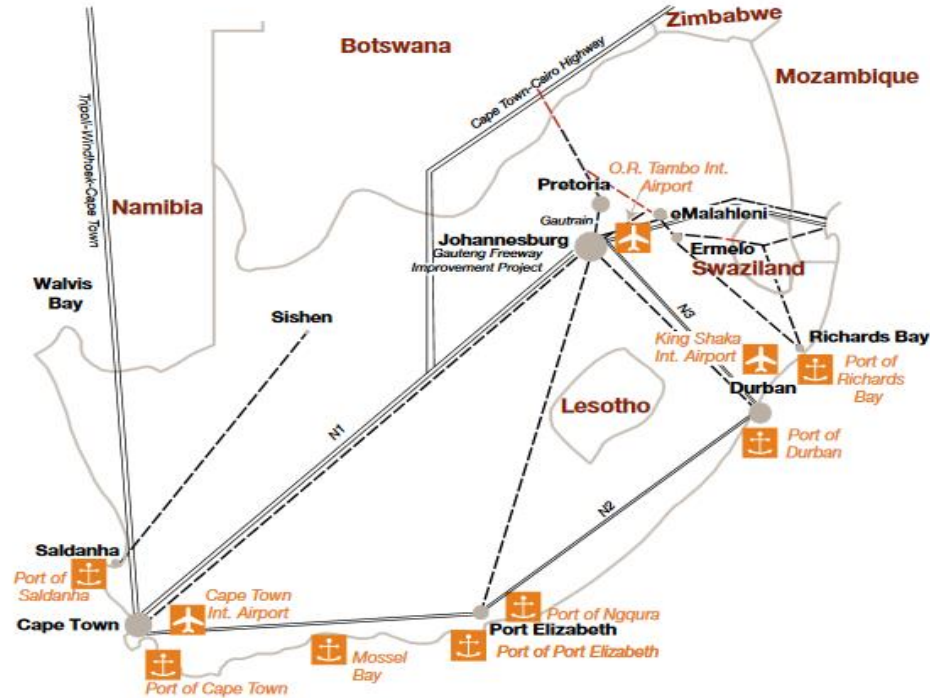
**Operators need to demonstrate their commitment to risk management and risk prevention in accordance with the type of commodities being stored.**

**Unfortunately there are warehouse operators who do not have a formal risk management process in place or they are doing just the bare minimum.**

# Infrastructure Southern Africa



## General Overview



Rail infrastructure represents 80% of Africa's total

89% of freight in South Africa depends on the road network



# Infrastructure Southern Africa

**South African major routes in Good condition**

**However the condition of road and rail networks  
In Southern Africa range from good to poor.**

**Little to no maintenance**

**Cross border delays – Bottle necks**

**Possible long delays in the event of breakdown**

**Always check routes and route assessments  
Especially for project cargo shipments**

Tripartite North-South Corridor



Source: Ernst & Young's 2012 Africa Attractiveness Survey.

# CIVIL UNREST AND STRIKES



## Civil Unrest

**AND TODAY'S HEADLINES ARE.....**

[Protest Update: 35 trucks burnt on N3 at Mooi River - EWN](#)

[Two trucks set alight during protest in George - EWN](#)

[SA protesters burn down Zambian trucks - Zambian Eye](#)

[TRUCK BURNT IN MOOKETSI PROTESTS! | Daily Sun](#)

[Marika violent protest trucks burnt out — Gangwatch](#)

[Three trucks torched during violent protest in North West | The Citizen](#)



## CIVIL UNREST AND THE IMPACT ON LOGISTICS

Protests Are becoming an every day reality in South Africa

Protests becoming more violent and destructive

Criminal elements Hijack the protest for own agenda....looting etc

Difficult to predict areas of protest as they appear at random

Protesters use violence to voice their grievances



# TAPA SOUTH AFRICA





# TAPA IN SOUTH AFRICA



**Chapter based in Johannesburg**

**Has annual conferences in Johannesburg**

**Most Global Logistic companies based in South Africa are TAPA FSR (Facility Security Requirements) and TSR (Transport Security Requirements ) accredited**

**Challenge.....convincing local logistic companies to attain TAPA accreditation.**



# CONCLUSION

South Africa is a leader of a continent  
that holds the opportunities of the  
future

but...

also has great challenges along the  
way .

# THANK YOU

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