

# Pharmacy Crime

A look at pharmacy burglary and robbery in the United States and the strategies and tactics needed to manage the problem.

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## PHARMACY CRIME

A review of Pharmacists Mutual experience

### Part 1: A look at pharmacy crime in the U.S.

- 4 Pharmacy Crime – A national wake-up call and response
- 5 Background
- 6 Pharmacists Mutual's response
- 7 Pharmacy crime frequency
- 10 Pharmacy crime costs

### Part 2: What the data tell us about key threats

- 14 Detailed Pharmacists Mutual Crime Statistics
- 15 Average claims payments
- 16 Concentrations of Loss by state
- 17 Method of entry into the pharmacy
- 18 Protective features
- 20 Robberies
- 21 Police response
- 22 Large losses and lessons learned

### Part 3: Managing the threat of pharmacy crime

- 26 Using the lessons learned
- 26 Protecting against the most likely threat
- 30 Protecting against the more sophisticated attack
- 33 Robberies
- 34 Future action by Pharmacists Mutual

### Appendices

- 36 Robber tracking systems
- 38 Resources

**PART 1:**  
**A LOOK AT PHARMACY  
CRIME IN THE U.S.**

# PHARMACY CRIME

## A National Wake-up Call and Response

The theft of prescription narcotics from pharmacies is a problem that has grown over the past thirty years, gaining national attention in 2010 with the declaration by the CDC that the prescription drug abuse had reached epidemic proportions. Driven by a change in how health care was delivered, the trend shifted from a focus on treatment to one of prescriptions. With the advent of the new millennium we saw changing attitudes about the use of narcotic medications and an aggressive promotion by the pharmaceutical industry. Within that first decade, the number of people abusing prescription drugs jumped from 3.8 million to 7 million from 2000 to 2010 (DEA). Diversion of narcotics to feed the national addiction was occurring at every step of the process, from drug design, to manufacturer and how the end user obtained and used the narcotics. On the front lines of the problem were the pharmacies who felt the ramifications in break-ins, armed robberies, diversion by employees, and administrative costs required to deal with ensuing regulatory requirements.

The response at the federal and state level was significant, with newer ways to track distribution, aggressive law enforcement action and spending (the DEA currently devotes over 50% of its resources on prescription narcotics), drug take back programs, physician education and drug monitoring programs. Unfortunately, measures to address the abuse and dependency behind the problem of prescription abuse lag well behind steps taken to limit access to drugs. Those needing to feed their habits are finding it difficult to obtain drugs from physicians, friends and relatives. Many avenues used by criminals to obtain the drugs have been closed. As the supply dries up, street price increases (or in some parts of the country, heroin use grows) and both the addicts and criminals find other ways. Walking into a pharmacy with a gun, or throwing a rock through a window does not require a lot of thought or preparation, but it will provide easy access to the current drugs of choice. When criminals look for the big score and do plan, the returns for them and costs to Pharmacists Mutual and our member companies can be significant.

In our own experience at Pharmacists Mutual, our understanding of the problem and our efforts to educate, underwrite and manage claims have resulted in an almost 30% reduction in frequency. While we have been able to hold the line on total costs as well, we are seeing increases in average costs of individual crimes.

With the declaration of an epidemic in 2010, Pharmacists Mutual was asked to speak at multiple pharmacy associations. Over time, these requests have fallen off as government, pharmacy association, boards of pharmacy and other organizations have developed guidelines, checklists and other resources to help pharmacists manage the problem. Every pharmacy in the country now has ready access to general information about the problem and things they need to do to control it.

Going forward, our ability to serve our member companies depends on how well we understand what is happening and the development of targeted solutions to specific issues. We need to continue our efforts to stay abreast of loss trends, patterns of criminal activity and crime prevention technologies designed to minimize the cost of burglaries and robberies and improve criminal apprehension rates. In particular, armed robberies are a growing threat that presents some unique challenges.

# BACKGROUND

Since the Centers for Disease Control branded prescription drug abuse as an epidemic in 2010, extensive measures have been taken across the country to attack the supply side of the equation by making it harder for drug seekers to obtain narcotics. These measures include prescription drug monitoring programs, tracking prescription dispensing and ordering patterns, education and changes in how narcotics are prescribed. While these measures are gaining ground, the number of addicts and the demand for drugs has not corresponded to increased limitations on supply. In some parts of the country, heroin use has replaced prescription drugs. In most of the country however, those looking for prescription narcotics continue to turn to pharmacies. Rather than legitimate prescriptions, the need is often filled by taking the drugs forcefully by breaking in when the store is closed, by threat of physical harm to employees and customers when the store is open, or through employee diversion. Unfortunately, suspicious circumstances surrounding burglaries are often tied to employee involvement.

Costs to the pharmacy can be significant. Nationally, costs associated with burglaries and robberies are in the tens of millions annually. Beyond what the pharmacy pays in deductibles and potentially higher premiums, pharmacies must often invest thousands in improved security. Reports to the DEA, Board of Pharmacy, Insurance Company, police, suppliers and others can be extremely time consuming, and if the crime is serious enough to cause the store to be closed, the pharmacy can also experience cash flow interruptions. In some cases, the most significant costs are the intangible feelings of vulnerability and fear that accompanies armed robberies.

## Crime presentations

National Rx Drug Abuse Summit

Oklahoma Pharmacists Association

Kentucky Pharmacists Association

North Dakota Pharmacists Association

Pennsylvania Pharmacists Association

Philadelphia Association of Retail Druggists

Utah Pharmacists Association

Wyoming Pharmacy Association

American Pharmacy Services Corporation

Rx Plus

Idaho State University

University of Wyoming

University of Charleston School of Pharmacy

# PHARMACISTS MUTUAL'S RESPONSE

Pharmacists Mutual invests in providing members with education and tools to help them understand the nature of pharmacy crime, and what they can do to protect themselves. We educate associations and buying groups, publish advice in Risk Management Newsletters and RM Intel Articles, and post tools and resources on our website. We participate in NCPA's "Protect Your Pharmacy" crime prevention efforts and presented at the National Rx Drug Abuse Summit in 2014.

What we know about pharmacy crime is built on understanding what our members go through every day. We collaborate with experts across the country to learn about pharmacy crime prevention techniques and technology, and in 2014 we began working with the National Association of Drug Diversion Investigators (NADDI) to share opportunities to control this problem.

A key to learning about what we need to focus on is understanding how crimes are committed and patterns of activity. Over the past 5 years, we have been developing and building the PMC Pharmacy Crime Database. The database allows us to leverage what we have learned from thousands of claims into actions that help us control a complex problem. The database is one of the largest collections of information about pharmacy crimes in the country, second only to records maintained by the Drug Enforcement Administration.

In addition to research and customer education, Pharmacists Mutual applies a number of measures to manage the problem through a strong collaboration between Claims, Underwriting and Risk Management. This collaboration has resulted in a clear understanding of crime experience that is being translated into changes in how we evaluate risks and spread costs equitably across our members.

- Pharmacy Crime Matrix and guidelines help the underwriter evaluate individual member controls.
- Offers to consult on crime prevention at the time a claim is reported.
- Risk reports highlighting patterns of crime activity and analysis at the regional or local level allow us to apply a focused approach to loss management.
- Geographic focus on areas of the country where crime activity is concentrated.

# PHARMACY CRIME FREQUENCY

## National Experience

Nationally, information about pharmacy theft frequency or severity is limited. One study of DEA data by the Journal of Pain and Symptom Management provides some perspective on the extent of the pharmacy crime problem. The study, completed in 2005, looked at thefts of pharmaceuticals in the eastern half of the U.S. Over a three-year period, the study identified 4,298 incidents per year. Extrapolated country wide – 8,596 across the country. Of these, it was estimated that 83%, or 7,134, were from pharmacies. Pharmacists Mutual member companies experience about 5% of these pharmacy crimes. The remainder would include other independent pharmacies, all pharmacy chains, and internal drug diversion, estimated by the DEA as representing roughly 30% of pharmacy crimes. While the study is 9 years old, it remains the most comprehensive study on the extent of the pharmacy theft problem in the U.S.

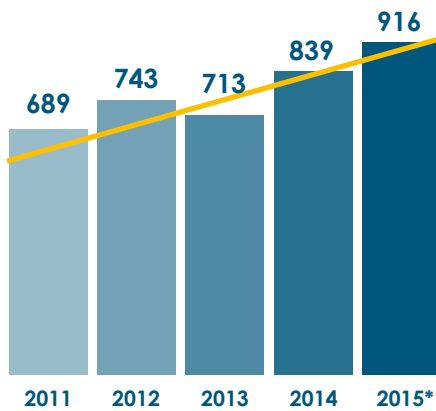
Answering the question “what are the odds of a pharmacy being robbed or burglarized?”; about 14% nationally and 8% for Pharmacists Mutual members.

- 51,825 pharmacies in the U.S. (23,064 independents – NCPA Pfizer Digest 2010, 28,761 chain stores – SK&A National Pharmacy Market Survey, 2010)
- 7,134 pharmacy theft incidents per year
- National – 14% probability of any one pharmacy being victimized by a pharmacy crime (burglary, robbery or employee diversion)
- Pharmacists Mutual – Expecting that small claims under or slightly over the deductible are not reported to us – estimate an 8% chance of a pharmacy insured by Pharmacists Mutual having a burglary or robbery (we do not track incidents of employee diversion). Data also reveals that if victimized once, a pharmacy has an 8.6% chance of a second theft within one year (PMC Data).



## Drug Enforcement Administration

Number of Robberies Reported to the DEA



\*Projected as of 7/1/15

Our most reliable source of information on national pharmacy crime experience is the Drug Enforcement Agency (DEA) simply because the information is based on mandatory reporting requirements. Over the past four years, pharmacy robberies have been trending up. Based on results reported by the DEA in July, 2015, the increase is expected to continue.

What makes this increase even more alarming is that not all robberies are reported to the DEA.

Many pharmacies will not report attempts, break-ins without loss of narcotics, minor burglaries or even robberies when the dollar loss is minimal. In some cases, the interpretation of DEA regulations requiring a written report (DEA form 106) of “the theft or significant loss of any controlled substance within one business day of discovery of such loss or theft” is interpreted as only reporting “significant” loss, even if it includes theft.

DEA information reveals some patterns of activity similar to what we see in our data and the data provided by RxPATROL that pharmacy chains are much more likely to experience armed robberies than independents. The DEA indicates that about 36% of pharmacy crimes are the result of robberies. Pharmacists Mutual member company experience hovers at about 9% annually. One of the key reasons for the difference appears to be related to the experience in chain stores, where armed robberies are consistently a significant problem. This has prompted chain stores to implement time delay safes, tracking devices and armed guards to control the problem.

Percentage of Pharmacy Crimes by Crime and Store type

### Employee Theft



### Burglaries



### Robberies



◆ Chain ◆ Retail/Independent

Source: Drug Enforcement Agency

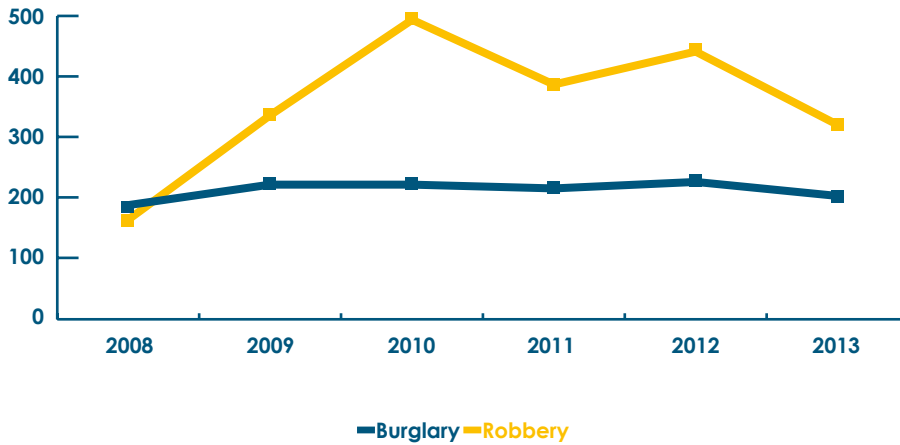
DEA reports indicate that a relatively high percentage of pharmaceutical thefts involve pharmacy employees. Based on anecdotal evidence from crime reports, interviews with pharmacists, and reviews of video surveillance, much of this diversion occurs by providing intelligence to thieves about security systems, alarm codes, store layout and the location of target drugs.



# RxPATROL

While RxPATROL indicates a reduction in robberies, DEA and other sources show an increase in 2014. Unlike Pharmacists Mutual where 9% of pharmacy crimes are robberies, over 50% of incidents reported to RxPATROL involve theft by force or threat of force.

RxPATROL Pharmacy Crime Data



## ABOUT RxPATROL

RxPATROL is a collaborative effort between industry and law enforcement designed to collect, collate, analyze and disseminate pharmacy theft information. RxPATROL helps protect the pharmacy environment and ensure legitimate patients' access to life-sustaining medicines.

To report a pharmacy crime, view crime data or for crime prevention assistance, visit [www.rxpatrol.org](http://www.rxpatrol.org).

## Pharmacists Mutual Experience

Pharmacists Mutual pharmacy crime experience is 91% burglary/break-ins. Based on RxPatrol data, if we were on par with national results, we should have seen basically flat experience in this area over the past five years rather than the reductions we saw. Our experience may be better due to the implementation of a proprietary crime assessment tool, customer education and collaborative efforts by claims and Risk Management to identify and provide corrective action.

**IN THE PAST 5 YEARS, PHARMACISTS MUTUAL SAW A 30% REDUCTION IN PHARMACY CRIME FREQUENCY AND A 16% INCREASE IN THE NUMBER OF MEMBER COMPANIES WE INSURE.**

**CLAIMS COUNT: -28.9%**

PHARMACY BREAK-INS AND THEFT/STOLEN PROPERTY

**POLICY COUNT: +15.8%**

PHARMACY BOP, ALL PHARMACY TYPES

DECEMBER 2009 – DECEMBER 2014

# PHARMACY CRIME COSTS

## National Crime Costs

### What costs do pharmacy burglaries and robberies include?

- Drugs
- Computers
- Safes and Security Cabinets
- DEA Investigation
- Insurance Investigation
- Reputation
- Alarm Components
- Security Upgrades
- Business Interruption
- Cash
- Doors and Windows
- Retail Inventory
- Reporting to the Board
- Problems with Suppliers
- Loss of Key Employees
- Video Equipment
- Lighting Improvements
- Deductibles

Nationally, there is no central database or consistent method of tracking the costs of prescription diversion, or more specifically, pharmacy burglary and robbery. The DEA tracks theft in terms of dosage units, but these are difficult to convert to monetary loss and do not include other cost considerations. The best source of cost data is that which the pharmacy insurer tracks.

Some general statistics do help put the magnitude of the problem in perspective:

- Annual costs of prescription drug diversion to public and private U.S. insurers – \$72.5 billion. Most of these costs involve Medicaid, workers' compensation, VA and hospital payments (DEA Drug Theft Assessment, April, 2009)
- Estimated annual cost of pharmacy crime – \$61.3 billion (DEA Drug Theft Assessment, April, 2009)
- Annual healthcare costs – \$100 billion (NCPA Medicare Reform, March, 2004)

There are an estimated 4.5 million non-medical users of prescription narcotics. The most significant sources of narcotics:

- Provided free by a friend or relative – 54%
- By prescription from a single doctor – 19.7%
- Purchased from a friend or relative – 10.9%
- Stolen from a friend or relative – 4.0%
- Purchased from a drug dealer – 4.3%
- Stolen from a pharmacy – 0.8%

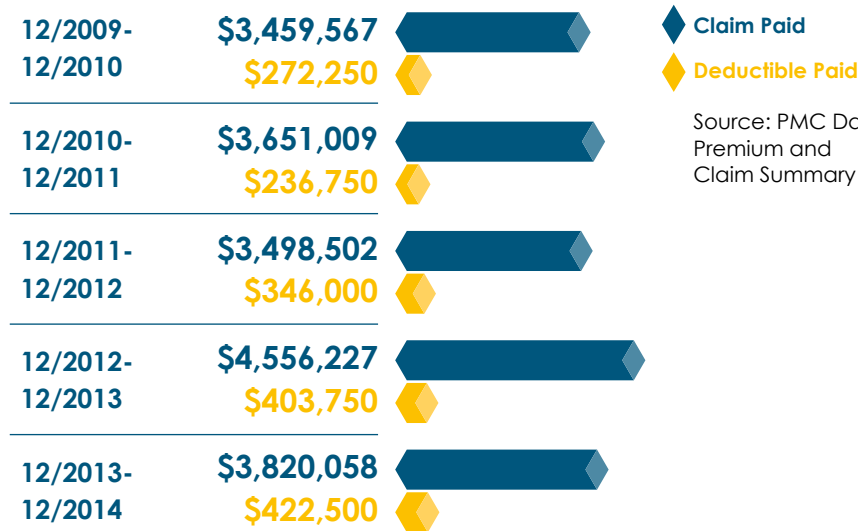
SAMHSA (Substance Abuse and Mental Health Services Administration, 2013)

# PHARMACISTS MUTUAL PHARMACY

## Crime Costs

For Pharmacists Mutual, pharmacy crime costs have averaged over \$3.8 million a year, representing roughly 12% of annual policy premium for pharmacy business. Over the past five years, these costs have increased.

Pharmacy Crime Total Paid



An example of a commercially available burglary resistant lock. At \$200, this lock protects against methods typically employed by burglars, including twisting off the cylinder, sledgehammer and “bumping,” a technique demonstrated on YouTube. Replacing or protecting windows can easily exceed \$10,000, and higher end video surveillance can cost over \$4,000 for a typical installation (Burglaralarms.com).

For our member companies, costs extend beyond what is reimbursed by insurance. For pharmacies that have experienced multiple or serious thefts, the expense of improving protective measures can be in the tens of thousands of dollars.

**INCREASE IN PHARMACY BUSINESS OVER THE PAST 5 YEARS - PHARMACY BOP, ALL PHARMACY TYPES** **+26.3%**

**LOSSES - PHARMACY BREAK-IN AND THEFT/STOLEN PROPERTY** **+9.5%**

While any increase is undesirable, the good news is that we have seen increases in claims costs off-set by a an increase in the number of insurance policies written.



**PART 2:**  
**WHAT THE DATA TELL US  
ABOUT KEY CRIME THREATS  
TO PHARMACIES**

# DETAILED PHARMACISTS MUTUAL CRIME STATISTICS



Phoenix armed robbery  
May 2014

Close examination of data pulled from the Pharmacists Mutual Crime Database and other reports helps us understand cost drivers, how pharmacy crimes occur, weaknesses that are exploited by the criminal and areas where we can take action to influence results. The following excerpts and analysis provide some insight into the impact of crime on our pharmacy members.

One of the most frequent questions we get from members, particularly those who have been victims of pharmacy crime is “How much do I need to invest before my store is safe?” Unfortunately, there is no magic investment or set of protective devices or measures that will guarantee a pharmacy will not be burglarized. The level of protection needed is based on consideration of the following:

- Data tells us about how criminals typically strike and measures that can be employed to limit the likelihood or extent of the theft.

As an example, overwhelmingly, the preferred method for gaining entry into a pharmacy is through the front door or window. Strong locks and reinforced glass are a logical investment. We also know that **the single most important protective feature a pharmacy can use is a well-designed and maintained alarm system.**

- Local patterns of criminal behavior dictate the level of protection required.

In Arizona, armed robberies are the preferred method of obtaining narcotics — in Houston, entry through walls and roofs. Watching the news, collaborating with the local crime watch initiative and paying attention go a long way toward developing effective levels of protection. This becomes particularly important where specialized gangs hit a geographic area. They tend to strike quickly and methodically.

- When armed robberies occur, a pharmacy can take measures to develop strategies for responding to minimize the possibility of injury. Stopping the robbery from occurring is a much more challenging problem.

Prevention is essentially impossible without a plan for apprehension and getting the criminals off the street. These kinds of initiatives have been effective in areas like Indianapolis through pharmacy and police collaborative efforts as outlined in Ken Fagerman's **Staring Down the Barrel**. Technology solutions are starting to emerge and show success in various parts of the country. These technologies include tracking devices and dye marking technology.

# AVERAGE CLAIMS PAYMENTS

## Pharmacy Theft: 11/1/11 – 11/1/14

A look at average claims payments provides a gauge of the relative impact of different aspects of pharmacy claims and helps us prioritize what to focus on. It is no surprise that for pharmacy crime, the target is drugs. In fact, 68% of contents taken during pharmacy crimes are prescription narcotics.

Type Payment	% of all payments	Average Payment
<b>Building/Structure</b>	<b>8.5%</b>	<b>\$414</b>
	Payments cover damage done by burglars. This includes glass, doors and locks, safes, alarms and video surveillance systems. Deductibles, which would be in addition to average payment amounts are generally \$500 but can reach \$5,000.	
<b>Contents</b>	<b>81.2%</b>	<b>\$3,791</b>
	Contents are primarily the cost of drugs, but do include the theft of non-drug items.	
<b>Money</b>	<b>1.1%</b>	<b>\$523</b>
	Very infrequent that the thief will take money. What we find is that while not the primary target, it will be taken if a safe is breached while searching for drugs, or from unlocked cash registers or desk drawers containing petty cash.	

In roughly 1/3 of reported thefts, the claim does not result in a payment by Pharmacists Mutual, either falling under the deductible or small enough that the member decided to pick up the cost. Most typically, this would happen in attempts where glass or a door is broken but nothing is taken, or when the pharmacist wants to avoid the paperwork and reporting process.



The preferred route of entry for almost half of pharmacy burglaries is through the front door.



# CONCENTRATIONS OF LOSS BY STATE

Loss costs are generally concentrated in and around major metropolitan areas, but some of the largest claims experienced by Pharmacists Mutual member companies happened in towns of less than 10,000 population and rural areas. As we study the data to identify and focus on priorities, we look for areas of concentration. While Texas is our largest state with just under 9% of pharmacies, loss experience is high with 17% of pharmacy crime and 25% of loss costs occurring there. We also see states that are much smaller in terms of policy count with even more disproportionate shares of costs, frequency or high average claim cost. Nebraska stands out due to a single robbery that involved injuries and extensive property damage.

## COMPARISON

### TX VS. NATIONAL AVERAGES

	TX	National
<b>METHOD OF ENTRY</b>		
Door or Window	59%	72%
Wall	37%	8%
Roof	16%	4%
Robbery	4%	9%
<b>ALARM WORKED</b>	58%	64%
<b>VIDEO WORKED</b>	75%	55%
<b>SAFE</b>	46%	26%
<b>POLICE RESPONSE</b>		
<5 MIN	18%	15%
<15 MIN	65%	57%

POLICY COUNT		LOSS COSTS		LOSS FREQUENCY		AVG LOSS COST	
STATE	% OF ALL*	STATE	% OF ALL	STATE	% OF ALL	STATE	COST
TX	10%	TX	25%	TX	17%	TN	\$8,641
CA	6%	MI	22%	MI	6%	MI	\$8,631
MI	6%	NE	9%	OK	5%	MA	\$8,426
PA	6%	TN	5%	PA	5%	CA	\$8,233
IL	5%	CA	4%	AR	4%	TX	\$7,590
MO	5%	PA	4%	NC	4%	NV	\$6,762
OK	4%	AL	4%	KS	4%	OR	\$6,741
NC	4%	MO	3%	IL	4%	KY	\$6,094
KY	4%	OK	3%	AL	4%	AL	\$5,826
MN	4%	AR	3%	CO	3%	MS	\$5,381

\* Percentages of all Pharmacists Mutual businessowners pharmacy policies, loss costs and frequency for pharmacy burglary and robbery

Loss cost = total paid amount, 2010 - 2015. Does not include deductible.

In Houston, we see a concentration of pharmacy crimes characterized by entries through walls and ceilings. In many of these cases, thieves have information about the pharmacy that allows them to maximize the amount taken. Alarms mysteriously fail or wires are cut after entry. Criminals may enter into areas not protected by alarms, (such as back offices) or know exactly where to locate specific types of drugs.

Detroit illustrates a challenge shared by communities in many areas of the country. High rates of false alarms and tightening budget constraints drive police response times, and in some cases, the ability of police to respond at all, down. Slower response or no response translates into higher crime costs. In some areas of the country, rates of burglary and robbery that are eight to ten times national averages. For a time, Detroit, like other areas of the country, suspended police response for “unverified alarms”, and has since relegated initial response to private security firms.

Problems in these areas prompted the development of a Crime Matrix, or questionnaire used to assess levels of pharmacy crime protection. Use of the matrix is mandated by underwriting in some areas of the country, and/or when local area crime rates are high. We also use the completed matrix to help us in discussing the crime with members.

# METHOD OF ENTRY INTO THE PHARMACY

While most criminals will visit a pharmacy before a theft, the majority of burglaries do not involve a lot of preparation and planning. Almost 50% involve entry through the front of the store by smashing glass or prying doors. What this tells us is that the investment in protecting glass, the use of strong doors with burglary resistant locks and good lighting makes sense in addressing the most likely routes of entry. When the access point is hidden and they enter through the roof, walls or rear door there is often evidence they have done more homework. These types of entries are designed for higher payoffs. Some characteristics:

- Roof and wall entries are often made into back office areas that may not be protected by motion detectors. If possible, the break-in is accompanied by disabling the alarm. The entry is not visible from the front of the store and even if the alarm activates, the few minutes of extra time gained by being in the store first can make a significant difference in time available. With wall entries, we often see entries made low on the wall from an adjacent business that is vacant or not equipped with an alarm. The idea is to enter low and crawl below the sweep of the motion detector. Criminals who do this usually know where the detectors are and how they are positioned.
- Rear door entries are often successful if the entry is accompanied by immediately disabling the alarm system, which is typically located in the rear of the pharmacy. The entry point is not as obvious as a front door entry and if the alarm is out, the criminal can take their time. Many of the alarms that are taken out do not have any form of line security, such as cellphone back-up, to alert the alarm company of tampering.
- One technique used is to test responses. Criminals may intentionally trigger alarms by breaking glass or shaking a door to find out about police response times, and if the pharmacist responds to the alarm. When the pharmacist does not respond to let the police in, all the police can do is check the perimeter and contact the alarm company to turn off the alarm. When this happens, the thieves have time to work on safes and thoroughly sweep shelves.

**When the alarm sounds, always meet the police at the pharmacy, use cellphone back-up and make sure alarm detection systems are positioned for the best coverage. If roof and wall entries are occurring frequently in the area, consider installing vibration detectors.**



Method of Entry

Front Door/Window	51%
Rear Door/Window	13%
Side Door/Window	10%
Robbery	10%
Wall	10%
Roof	5%
Drove Into	1%



# PROTECTIVE FEATURES

## Alarm

In place & worked .....\$5,496\*  
Failed or not present ....\$8,350

## Video

In place & worked .....\$6,522  
Failed or not present ....\$6,678

## Combination System

Alarm and video in place and worked .....\$5,887  
Alarm and video not present or failed.....\$8,668  
Alarm worked; video failed .....\$3,898  
Alarm failed; video worked .....\$8,825

*\*Average claim payments*

**Have alarms professionally installed. The investment in the correct technology and positioning can make a tremendous difference in reliability. Test the system on a monthly basis and make sure it has line security. The best option is a continually monitored signal. With these systems, the alarm company is alerted any time the alarm is not set when it should be. If you forget to arm the system when you close at night, the alarm company will contact you.**

All things being equal, a criminal is more likely to avoid a “hardened target” if they can. The more barriers that would slow them down or increase their chances of being caught, the worse it is. Obvious video surveillance, alarms, good lighting, alert employees, high counter tops, and an unobstructed view into the pharmacy from the outside tell the criminal that the theft is going to take some work. How do they know about the protective features? Because they visit the stores before they strike, or someone working in the pharmacy has told them.

Video surveillance may help deter a crime, can be very helpful in alerting police to suspicious persons, and helps identify criminals when they do strike.

Alarms are critical, possibly the most important protective feature a pharmacy can provide to limit the extent of any burglary attempt. When they fail, the time crunch and fear of arrest present when an alarm works disappear. The criminal has free reign.

- Alarms are not present in some pharmacies. Pharmacies without alarm systems can present an uninsurable risk.
- They may fail because they are not maintained and tested.
- In some cases pharmacists forget to set alarms.
- Alarm codes may be compromised.
- Employees may provide alarm codes to criminals.
- Alarms may be incorrectly installed and monitors positioned so they do not cover all areas, such as the lower few feet of the store and in back rooms.
- According to the Texas Police Chief's Association in an April 2015 resolution, 98% of burglar alarms are false. The largest police association in the country reflects experience with other law enforcement agencies across the country. While police will continue to try and respond to all calls, the reality is that these “unverified” alarms move to the bottom of the priority list, particularly in areas faced with tightening budgets. The resolution passed by the association supports the use of verified alarm technology to address this issue. With this technology, police receive verification of a burglary in progress in the form of a video feed. Pharmacists Mutual has negotiated a significant discount rate to provide access to this technology for members. (See Resources at the end of this report.)

# Safes

Most pharmacies don't use safes. Some pharmacists argue that it is not necessary if they do not carry narcotics, or only small quantities. Some believe that having a safe puts them in danger in an armed robbery situation where they cannot open the safe. There are points and counterpoints to both arguments.

While our own experience indicates that losses are higher when a safe is present, the numbers are somewhat misleading. The losses are higher because pharmacies that use safes tend to keep highly sought and valuable narcotics in them. When they are breached, the drugs are in a concentrated location. Thieves targeting pharmacies with safes tend to be more sophisticated and cannot be successful unless alarm systems have been defeated or the safe has been physically removed from the store.

What we do know is that if you lock drugs in a safe, it takes the criminal longer to get to them. Time delay increases the chance of being apprehended and the time available decreases significantly when the alarm is functioning correctly. For pharmacists concerned about armed robbers and not being able to open the safe on time, consider employing "time delay safes," and advertising their presence. Several major retail chains have been using these over the past few years and are seeing a good deal of success in dissuading armed robbers. The other alternative is to leave the safe closed but unlocked during the day.

**Pharmacies with safes**

Safe .....	26%
No Safe .....	74%

**Average Claim Payment**

Safe .....	\$6,868
No Safe .....	\$6,244



When the alarm fails, the crooks have time to do their worst.



PharmaSafe designed specifically for the pharmacy.

**Consider a safe or even a gun cabinet. Bolt it to the floor in a place that is visible from the outside.**

# ROBBERIES



**Only a small percentage of pharmacy robberies involve violence. In most cases, having a plan and following some simple rules can protect the pharmacist and staff from violence. In addition to having a plan, train the staff on what to do.**

**Given the choice, the criminal will generally select the easiest mark. Easy marks do not include stores with alert employees, good lighting, high pharmacy counters that are easily visible from the outside, and stores with video surveillance inside and out.**

Robberies involve force or threats of force. 91% of all crimes experienced by Pharmacists Mutual member pharmacies do not involve someone coming in with a gun and/or threatening violence. But for the other 9%, coming face to face with an armed robber can be terrifying.

Some facts and stats about robberies:

- In 77.8% of robberies (Pharmacists Mutual data. RxPATROL indicates 66% for 2014, 62% for the past 5 years), the thief is working alone.
- Most robberies last less than two minutes.
- Gangs of three or four criminals represent less than 9% of all robberies. The robbers tend to know the pharmacy layout, may know specific locations of drugs and procedures followed. They have done their homework, move fast and efficiently. Statistically, the more armed robbers present, the higher dollar loss and duration of the crime.
- In only 48% of cases is an actual weapon displayed, and weapons are not always firearms. Robbers have used tasers, mace, hammers, baseball bats and even the threat of a bomb planted on the premises. Overwhelmingly, the advice from law enforcement is to believe they have a weapon and don't resist if threatened.
- Armed robbers are apprehended at the time of the robbery only once in every five robberies. Nationally, the overall apprehension rate for violent criminals is about 50%, so chances are the armed robber will get away with it.

While measures can be taken to make pharmacies less vulnerable by making the “target” less attractive to thieves, and pharmacists can educate the staff about what to do in a robbery, ultimately it is virtually impossible to stop an armed robbery from happening. Aggressive community policing and collaboration have been successful in some areas of the country. Most promising are technologies designed to get criminals off the street. These technologies include tracking devices in prescription bottles and sprays that mark the person involved in the robbery to allow for future identification. Pharmacists Mutual is making tracking devices available to members at a major discount. (See Resources).

# POLICE RESPONSE

In most parts of the country, police respond very quickly when the alarm sounds. In over 1/3 of cases, they can be on scene within five minutes.

Unfortunately, most pharmacy burglaries and robberies take less than two minutes to complete. Despite what we see on TV, in most cases the criminal will not be arrested while in the process of committing the crime.

What this means to the pharmacist is that protective measures need to focus on doing things that minimize the chance of injury and maximize the chance of apprehending the criminal after they have left the premises.

**Keep the exterior and interior well lit.**

**Use strong doors, burglary resistant locks and windows that are protected against forceful entry. When criminals enter through doors and windows they are looking for an easy answer.**

**Make sure protective systems work the way they are supposed to.**

**If you have a silent alarm, make sure you know how the police will respond. Arrival with lights and sirens can change the robbery into a hostage situation.**

**Use verified alarm notification systems.**

## Police Response

TIME (MINUTES)	FREQUENCY	CLAIM COST
<5	36%	\$4,487
6 – 15	37%	\$8,110
16 – 30	9.2%	\$4,954
31 – 60	3.4%	\$5,116
>60	13.6%	\$7,036

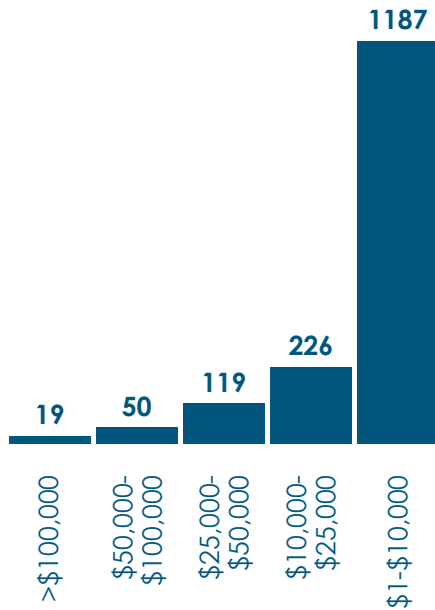
## Arrest rate at time of crime

Arrest made..... 9.8%

No arrest..... 90.2%



Frequency Distribution by Size of Loss



# LARGE LOSSES AND LESSONS LEARNED

When we look at the largest pharmacy crime losses we have experienced over the past few years, we can gain some valuable insight into behaviors, practices and conditions that create an environment where a high dollar loss can occur. In any attempt at burglary, physical damage will occur. In a robbery, at the very least, employees and staff may be traumatized. With large losses, where the criminals know their stuff, the crime may actually be unpreventable. These represent only a small percentage of crimes, however, crimes over \$100,000 (1% of frequency), account for 27% of all losses.

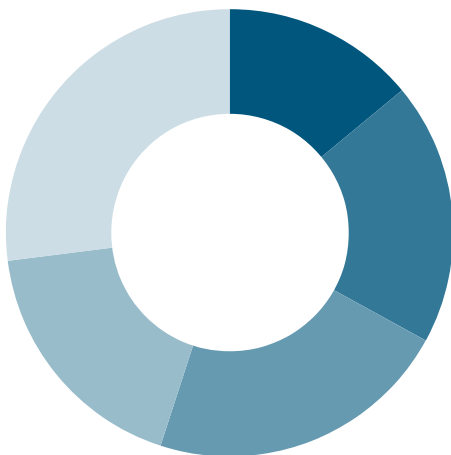
## Characteristics of large pharmacy crime losses (+\$100,000)

Alarm did not alert the police because it failed, was defeated, did not provide adequate coverage, or pharmacist “forgot” to set the alarm – alarms that did not alert the police were the most frequent factors associated with large loss claims. In 12 of 19 losses over \$100,000 that occurred in the past year, the police were not summoned by the alarm. 63% of large loss claims were associated with situations where the police were not alerted.

Route of Entry	% of Large Losses	% of all Large Loss Costs	Average Claim cost
Door/Window	31.5	28	\$241,386
Roof	26.3	19.8	\$205,398
Exterior Wall	15.7	18.3	\$315,627
Vehicle Collision	15.7	17.1	\$295,275
Armed robbery	10.2	16.6	\$429,258

Distribution of Total Cost by Size of Loss

12/09 - 12/14



\$1-\$10,000	14%
\$10,000-\$25,000	19%
\$25,000-\$50,000	22%
\$50,000-\$100,000	18%
+\$100,000	27%

For all pharmacy burglaries, entry through the front door or window is the preferred method. Almost 50% of pharmacy burglaries occur this way, and for large losses, this mode of entry is also favored.

An examination of large losses also reinforces the idea that, given enough time and resources, any pharmacy can be burglarized.

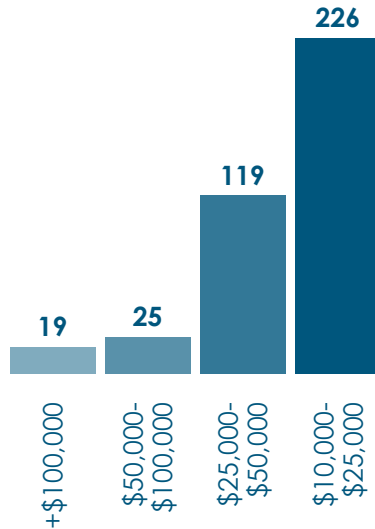


## A Sampling of Large Losses (>\$100,000)

State	Type Entry	Notes
AR	ARMED ROBBERY	In parking lot, forced pharmacist at gunpoint to open the store.
MI	BACK DOOR	Pharmacist "forgot" to set alarm, even though there had been an attempt the evening before.
KY	BACK WALL	Alarm wires cut, safe taken.
MI	BACK WALL	Alarm failure.
TN	EXTERIOR WALL	Through bathroom, water damage, wires to alarm cut.
AZ	FRONT DOOR	Alarm worked, no safe, 2 prior burglaries.
CA	FRONT DOOR	Smashed front door open. Pharmacist ignored alarm due to a series of false alarms in the area the evening before. Video failed.
MI	FRONT DOOR	Broke front glass with brick, alarm failed. Suspected inside job.
TX	FRONT DOOR	Perpetrator heated front door and locks, pried metal back. 7 individuals pushed 700# safe out of store. Rocked the safe until bolts in concrete failed. Police arrived 15 minutes after alarm sounded.
TN	ROBBERY	Hostage situation after silent alarm set. PD killed perpetrator after he shot pharmacist.
GA	ROOF	Disabled alarm. Safe was not breached.
OH	ROOF	After entry, perpetrators cut alarm wires.
TX	ROOF	Alarm failed to activate.
TX	ROOF	Cut hole in roof over server room. Majority of loss was due to water damage from rainstorm that evening.
TX	ROOF	No alarm sensors located in back room where safe was kept.
TX	ROOF	Video shows perpetrator crawling on the floor. Alarm did not activate.
MI	VEHICLE	Drove vehicle through grocery store to get to pharmacy. Alarm did work.
OH	VEHICLE	Cut alarm wires after crashing into building.
TN	VEHICLE	Smashed through multiple walls. Alarm worked.

# Frequency and Average Claim Payments

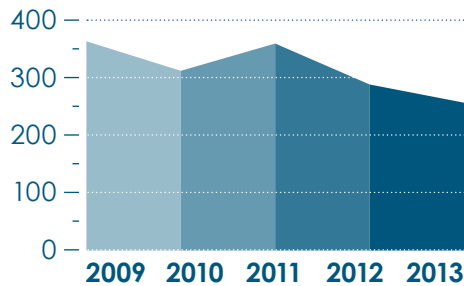
Loss Frequency by Size of Claim Payment



27% of all pharmacy crime costs were concentrated in only 1% of crime events; those with a payment of over \$100,000.

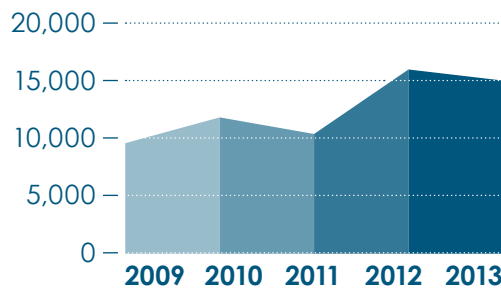
76% of all pharmacy crimes resulted in payments of less than \$10,000.

Number of Pharmacy Crimes



The number of pharmacy crimes has decreased over the 5 year period. During this time, the number of policies has increased.

Average Claim Payment by Year



When pharmacy crimes do occur, they are incurring a larger average cost.

**PART 3:**  
**MANAGING THE THREAT  
OF PHARMACY CRIME**

# MANAGING THE THREAT OF PHARMACY CRIME BASED ON LESSONS LEARNED

One of the things we've learned over years of studying and dealing with pharmacy crime is that there is no single solution to the problem. Criminals may specialize in how they attack pharmacies in certain areas of the country. A professional gang may have developed an approach that consistently defeats protective measures. When they move to new areas, or when the tactics change, measures the pharmacist has in place may be ineffective. These situations cause a lot of frustration and expense. While the rules of the game may change, how you respond can make the difference between multiple, high dollar thefts and finding a way to deal with the problem.

Overwhelmingly, based on data, interviews with pharmacists and feedback we have from law enforcement, most criminals follow a simple edict – “Take the path of least resistance and spend no more than two minutes doing it.” This tells us a lot about how to prioritize protection. Minimize what they can take in two minutes and maximize the threat of arrest. Break-ins and robberies, even attempts, will result in property damage or emotional trauma and in some cases physical injury. Ideally, protective systems will minimize the impact and deter future attempts.

## PROTECT AGAINST THE MOST LIKELY THREAT

We know that most pharmacy thieves enter through the front of the store. Roughly half the crimes we see are classified as “smash and grabs.” The recipe for the criminal is fairly simple:

- Put on a hoodie, sunglasses and ball cap
- Break glass with whatever is available or pry the door open
- Sweep the shelves with your favorite letters of the alphabet (H and O are especially popular)
- Throw into trash bag or tote conveniently provided by the pharmacy
- Run
- Sort it all out later

What is interesting are the situations where the smash and grab thief gets it exactly right. A frequent example is when the video recording shows that they knew exactly where to go in the pharmacy. This also tells us something about basic protection. Overwhelmingly, even the smash and grab artist has been in the pharmacy before.

# The hardened pharmacy

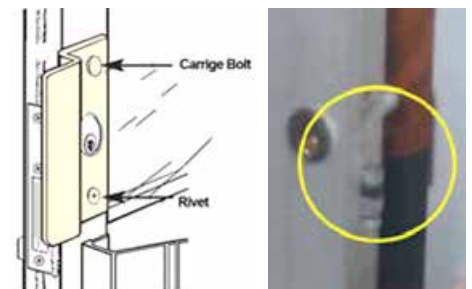
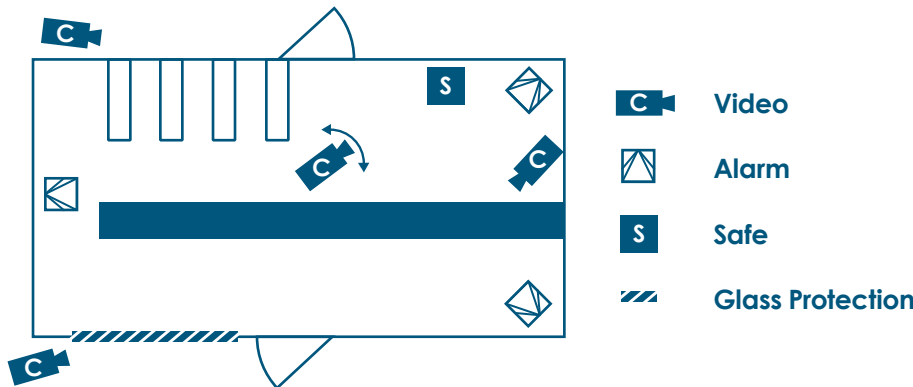
The idea of hardening the pharmacy is simply doing things that make the pharmacy less attractive to the potential criminal. The concept is to cause enough questions in their mind about their chances of success that they move on to another target. What kinds of things may discourage the criminal?

- Employees who pay attention. People entering the store are immediately greeted and asked if they need any help. The staff watches for persons acting suspiciously.
- Visible cameras and alarm devices.
- A clear and unobstructed view from the front of the store to the pharmacy counter, even during evening hours.
- Signage and warnings, such as “under surveillance,” “please remove hoodies and sunglasses when entering the store,” “safe on premises.”



Can I get in here in under 2 minutes?

## The Hardened Pharmacy



Consider cover plates over the point where the bolt enters the frame or other half of the door. These make it more difficult for the criminal to pry doors apart.

## Protect the perimeter

Install good, burglary resistant locks. Burglary resistant locks protect against the most frequently used tool to defeat door locks – brute force (hammer, vice grips etc.).

- Keep the exterior of the store well illuminated.
- Provide no places for people to hide.
- Consider external video surveillance. Cameras outside the building have been useful in catching criminals while they prepare to rob the store, or as they get into vehicles.



**10% discount for PMC members.**

Pharmacy Glass will also pay the deductible if protection fails. See [www.pharmacyglassprotection.com](http://www.pharmacyglassprotection.com)

- Add burglar bars to rear doors. These devices are placed horizontally across the door and tied to the frame to make entry more difficult. Burglar bars can be purchased or some pharmacies have had them made locally.
- Protect the glass. How to do this depends on preference, availability and cost. Options include rolling shutters, polycarbonate, hurricane glass, gates and protective coatings. The last option provides protection that is invisible to thieves. Film coatings alone are largely ineffective unless they are chemically bonded to the glass. Pharmacy Glass Protection is bonded and available to member companies at a discount.

## Get a good alarm and use it correctly

Operating a pharmacy these days without a way to at least alert the criminals that someone knows they are there is like playing Russian Roulette with an automatic pistol. If they burglarize the pharmacy, they are free to take their time. With enough time, even the best safe can be breached. Where there are no alarms we have seen thefts of computers and other electronics, ALL narcotics, other high value drugs, and retail merchandise. Property damage can be significant.

- Find an alarm company. One place to start is at [www.alarm.org](http://www.alarm.org). Sponsored by the Electronic Security Association, member companies are required to adhere to a code of ethics. The website will provide a list of industry association members in your area.
- The work does not stop there. Ask questions, get references, and have a clear understanding of both parties responsibilities.
- Ideally, the alarm should ring at a central station alarm company. Most pharmacies have systems that do. When the alarm is triggered, the alarm company responds by calling the police and the pharmacist. If notified, it is important that the pharmacist be available to meet the police and provide them with access. We have seen many situations where only the police respond, do not find out how entry was made, don't detect criminals who are still in the building and have the alarm cancelled. NEVER respond by entering the pharmacy without the police present.
- Consider cutting edge technology. Cutting edge technologies are now available at affordable prices that incorporate motion detectors with streaming video capability. When motion is detected by a sensor, either the monitoring company and/or the owner is notified and supplied with a live video feed. The monitoring company sends the video feed directly to police departments (see Resources).

- The preferred and most often used sensor for detecting a break-in is the motion detector, largely replacing contacts on doors and windows. The motion detector has the advantage of providing wide coverage at a cost effective price. When burglars visit to “case” the store, one of the things they look for is the location of motion detectors. Placed too high on the wall and they will not pick up the lower few feet. Criminals know this and will crawl across the floor to avoid detection. Consider 360 degree detectors that mount on the ceiling.
- Test the system at least monthly.
- Protect alarm codes. Be careful not to let too many people know what the code is. We have seen codes taped on the walls next to the alarm box and near cash registers. When employees with codes leave the company, change the code.

## Lock target drugs up

Locking drugs up goes back to defeating the criminal’s guiding objective – to get in and out quickly. The alarm increases the possibility of getting caught. Not being able to easily get the drugs adds time.

Many pharmacies still keep C2 narcotics in particle board or press board cabinets. Crooks know where to look for these, and can open one in seconds. The standing record is 32 seconds to smash the glass, hop the counter and pry the security cabinet open for a net of \$25,000 in drugs. The best option is a burglary resistant safe that is visible from the front of the store. Security cabinets reinforced with steel and sturdy locks or gun safes that are bolted to the floor are other alternatives.

Some pharmacies disburse narcotics throughout the store. While this can help if thieves are targeting a specific drug, it only takes minutes to sweep shelves. We recently saw a video of a lone thief who was able to sweep most of the shelves in a pharmacy into a plastic tub in less than 90 seconds before being frightened off. The potential take was over \$70,000 in drugs.



[www.pharmasafe.us/1/244/index.asp](http://www.pharmasafe.us/1/244/index.asp)



# PROTECTING AGAINST THE MORE SOPHISTICATED ATTACK



Visit [www.3sisecurity.com/products/pharmatracker](http://www.3sisecurity.com/products/pharmatracker) for additional details about this product. Orders can be placed on-line and the device can be installed by the business owner.

Pharmacists Mutual has also negotiated a significant discount for member companies. The discount can be obtained at the time of purchase by entering a code. To obtain your discount code, e-mail your name and customer number to [riskmgmt@phmic.com](mailto:riskmgmt@phmic.com).

What if the crooks fit into the 50% that don't take the easy way? Here are some tips and techniques for defeating or at least managing these threats.

## Repeated thefts in the area where your pharmacy is located

- Get to know the local police.
- Use video surveillance. Provide recordings taken during theft to police and share information with them about suspicious persons.
- Establish a collaborative organization of businesses and police to share information about criminals in the area and crimes that have occurred.
- Tracking devices, designed to look like prescription bottles, have been proven to significantly increase the chance of catching the criminal and getting him/her off the street. At the time of this writing, these devices resulted in apprehensions in 70% of cases where they were taken by thieves. They are difficult to detect and can be obtained by Pharmacists Mutual member companies at a substantial discount.

## Cutting holes in the roof or entering through ventilation systems

- Motion sensor lights on the roof.
- Add locks to air-conditioning ducts to prevent easy removal.
- Putting motion detectors between drop ceilings and the roof, or in attic spaces.
- Installing vibration or shock sensors on the ceiling.
- Motion activated video on the roof that transmits a signal and notifies the pharmacist.

## Cutting holes in side walls or entering through adjacent occupancies that are vacant or that do not have alarm systems

- Vibration or shock sensors on vulnerable walls.
- Steel plate on the lower few feet of vulnerable walls — While this may sound extreme, some pharmacists have done this in areas of the country where this is the standard mode of operation. Before considering this, look to possible changes to 360 degree motion detectors that are mounted on the ceiling.

## Cutting alarm wires

- Install cellphone back-up that will activate the alarm if the main system is defeated. Don't make the location of the device easy to find.
- Discuss other available options to provide an alert to the alarm company if the signal is interrupted.

## Cutting power

- Some alarm systems will provide notification to the alarm company when power is cut, but when there is a widespread power outage, these calls may not be answered. A battery back-up system for the alarm system might be worth considering.

## Where the alarm fails or is defeated or where police response is poor

- Cellphone back-up.
- Redundant locally ringing alarm system. In some rural locations without local police protection and in areas where police response is slow, this may be the only option. Some pharmacies add loud sirens outside the store tied to flashing or strobe lights. In many cases this may cause thieves to flee or rush their task.
- A heavy, burglary resistant safe will not stop the attempt, but may cause frustration and allow back-up devices to work.
- Tracking devices won't stop the crime, but can keep a perpetrator off the street so he or she won't repeat the crime.
- Reinforced entry protection over doors and windows will not prevent against every conceivable entry method, but will slow the criminals down. Roughly half of break-ins occur through doors and windows. Make it a challenge to get in.
- Verified alarm systems.



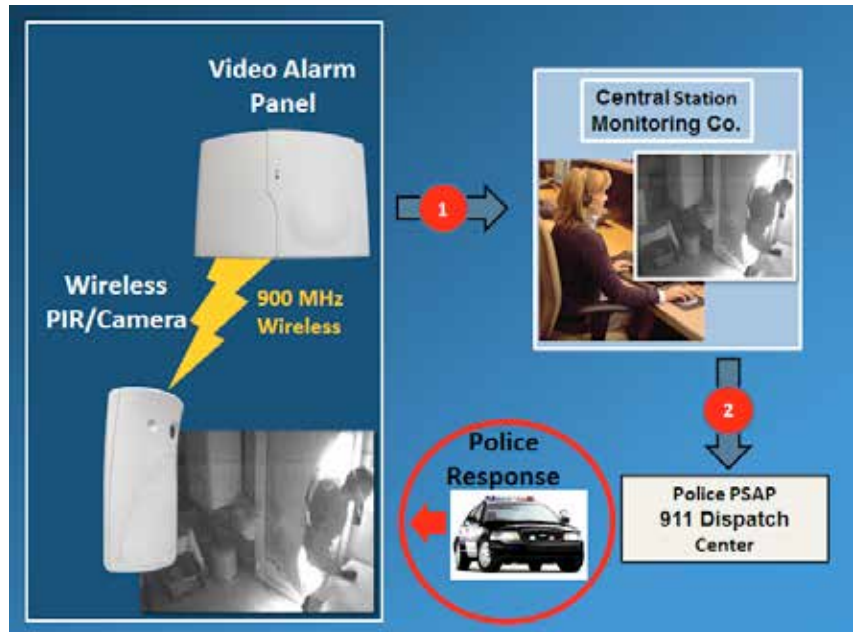
Verified alarm systems combining motion sensor and camera. Can be mounted indoors or outdoors. Examples shown are from Videofied. Visit [www.videofied.com/us/en/home/](http://www.videofied.com/us/en/home/)

## Areas where the police will not respond without verification that the alert is not a false alarm, or where police response is slow

- Deploy motion detectors with cameras capturing live video. Video can be transmitted real time to the pharmacist or law enforcement to provide them with verification that a break-in is in progress.

Mounted inside or outside the building, these devices work like motion activated alarm systems. They alert police or the pharmacist by sending a message to a central station, or directly to the pharmacist. The central station or pharmacist can view live video feeds. If signaled to the pharmacist, they can then contact police and may be able to send images or video.

These devices, when mounted outside to cover doors and windows, can be supplemented with motion activated lighting or strobe lights to dissuade criminals.



## Preventing burglars from doing anything once in the pharmacy



Any attempt to enter a pharmacy will at least result in property damage. Once they get in, even unsophisticated criminals can take a substantial amount of drugs and other merchandise before the police arrive by sweeping the shelves.

One way to prevent this is to totally eliminate their ability to see anything by plunging them into a dense barrier of fog. Systems are available that tie smoke generators with an ethyl glycol based fog to alarm systems. When activated, they quickly fill the pharmacy with a dense but harmless vapor. Overwhelmingly, the thief will see what is coming and leave. For police, on arrival, if the criminal does remain, all he/she needs to do is wait for the fog to dissipate.

# ROBBERIES

Robberies involve the taking of drugs using violence or threats of violence. From the standpoint of danger to employees, customers and the general public, robberies are the most significant area of concern. While robberies make up only a small percentage of crimes experienced by Pharmacists Mutual members (9%), the threat and potential for injury or death is a key concern.

## What can pharmacists do to protect themselves?

Protection against someone entering the store with a weapon or indicating they have a weapon is a problem because, short of locking down the pharmacy, it is almost impossible to stop criminals from walking in off the street. Measures that can and have been employed:

- 1** Security experts strongly recommend that a pharmacy plans for a robbery event. Discuss roles and behaviors when and after a robbery occurs.
- 2** Train the staff on what to do when a robbery occurs. Training videos are available at no charge from RxPATROL, [www.rxpatrol.org](http://www.rxpatrol.org), and local police are often willing to provide education on what should be done. Another source of training is an interactive exercise available from Learn Something. Training was developed with input from the security experts at PharmaSafe. <http://www.courses.learnsomething.com/scripts2/content.asp?r=ProductDescription&p=91f93d75f5564dfa90a3891795f30e0d>
- 3** Panic buttons at fixed locations or carried by pharmacists provide an opportunity to notify the police without trying to place a call. If panic buttons are considered, make sure you know how the police will respond.
- 4** Opening doors with a buzzer and letting people in individually may help, but is not totally effective. People follow others in, some will hold the door open, and it is impossible for the pharmacist to identify every potential robber. Robbers come in all shapes and sizes, ethnicity, sex and economic background. This technique can be effective in enforcing posted requirements that persons entering the store remove hats, glasses and hoodies before entering. If you do use the buzzer, make sure the pharmacist has a clear view to the door.  
  
One variation is to use a vestibule to trap robbers as they leave. These are expensive and require careful consideration.
- 5** Deploy tracking devices. Tracking devices, disguised to look, feel and sound like narcotic bottles, provide alerts to a monitoring service, which notifies the police to the location of the thief. Boasting a 70% apprehension rate, these devices provide perhaps the best defense against armed robbers by getting them off the street.
- 6** Time delay safes. There is anecdotal evidence that the use of time delay safes is having an impact in reducing pharmacy robberies. Robbers, interested in a quick score, do not generally have an interest in standing around until the locking mechanism allows the safe to be opened. If most target drugs (narcotics) are in the safe, the robber has to weigh the risk of getting caught against the expected return. If they don't feel there are enough drugs to justify the risk, they will move on to another location.
- 7** Armed pharmacists. Pharmacists Mutual's position on this is that the decision to carry a firearm is up to the pharmacist. While firearms have been successfully used to protect against armed robbers, there are some key concerns that need to be considered before deciding to arm oneself.

# FUTURE ACTION BY PHARMACISTS MUTUAL

While we have seen success in controlling pharmacy crime, there is a long way to go. These crimes still cost Pharmacists Mutual and members millions of dollars each year. Pharmacy burglaries and robberies represent 12% of pharmacy segment premiums for the past five years and average over \$3.7 million annually in loss costs. In addition, a driving force behind the need for continual focus is the interest our member companies desire in seeking answers to the threats from break-ins and armed robberies.

For 2015, Pharmacists Mutual will be focusing on the following areas related to pharmacy crime:

## **Publish crime analysis results to external audiences.**

Historically, this has led to speaking engagements, publication opportunities and development of relationships with experts in the field of pharmacy crime prevention. Publication also helps to validate us as leaders in the field of pharmacy insurance and service providers.

2015 – Pharmacists Mutual will be seeking out new opportunities to reach out, including press releases and incorporation of findings into marketing literature.

## **Focus on loss leader characteristics.**

Continue to work on measures to control armed robberies. While they represent only 9% of crimes we see, they are a key concern by our member companies. Educational approaches (have a plan and train staff on what to do) are important but do not solve the problem. It is also virtually impossible to prevent an armed robber from entering a pharmacy. There is however, some emerging technology that can help in apprehending robbers, and there may also be some promise in exploring community policing efforts pioneered by Ken Fagneman, author of “Staring Down the Barrel.”

Increase the focus on geographic concentrations of activity.

While police response and alarm success rates are generally similar on a local basis, some areas continue to experience pharmacy crime at frequency and severity levels at a disproportionate rate.

Continue to mine loss data, explore patterns and trends, and develop reasonable controls to manage the problem. Control consideration needs to include – physical verification of protective features indicated in Crime Matrix reports, providing resources to newly formed pharmacies and examine alarm systems that provide improved performance. One example are those that provide a continuous signal (will activate if the owner forgets to turn on the alarm, if the alarm is disabled, cuts off in a power failure or any other reason).

## Find additional ways to educate members about pharmacy crime techniques

Overwhelmingly, most criminals continue to enter through the front doors or windows. While pharmacists cannot protect against every potential method of entry, ensuring these areas are covered will prevent or minimize exposure in 50% of attempts.

We continue to be open to requests from pharmacy associations, trade groups and other organizations for speaking opportunities.

When criminals cannot be observed or detected, crime costs increase significantly. They accomplish the former by entering through roofs, walls and rear doors. They accomplish the latter by circumventing alarm systems.

Measures can be taken to prevent roof, wall and rear door entries, IF we know this is a problem, such as in areas like Houston, Texas. Wire mesh, vibration detectors and properly placed alarm monitors can provide early detection.

Focus on alarm systems – requiring them, knowing what they are, understanding how they are defeated, educating ourselves and members and mandating their use. Systems that provide a continuous signal, and are on maintenance contracts, protect against power failure, criminals disabling them or even the pharmacist forgetting to set the alarm. We also need to get ahead of the emerging threat of hackers disabling wireless alarm systems.

Consider decreasing or eliminating crime deductibles for members who meet key criteria for superior pharmacy protection, such as glass protection, safes, the use of tracking devices and best in class alarm systems.

Through relationships with organizations such as the National Association of Drug Diversion Investigators and RxPATROL, we seek to learn more about how crimes are committed and strategies for controlling them. We seek opportunities to get technology into the hands of our members to get criminals off the streets, and we continue to explore more effective ways of notifying members of emerging crime trends. From the information we gather from our database, research and experts in the field of pharmacy crime prevention, we continue to revise methods we employ to ensure members have the tools and resources to protect themselves, and for Pharmacists Mutual to manage loss experience.

## Continue to monitor developments and trends.

Our ability to manage any loss problem depends on how well we better understand the environment in which the pharmacist lives. With pharmacy crime, we need to understand this threat, and how the pharmacist can manage it.

We will be developing our crime database and enhanced reporting using the new Claims reporting system. This will provide automated feeds from crime reports and improved analysis capabilities. Consider other opportunities to publish results. Watch other national databases and stay in touch with key vendor and technology experts to identify new and more effective ways to prevent and manage pharmacy crime.

**For more information about pharmacy crime and for tools and resources to help assess your risk and protect yourself and your pharmacy, please visit us at [www.phmic.com](http://www.phmic.com), or contact us at [risk.mgmt@phmic.com](mailto:risk.mgmt@phmic.com) if you have questions about specific needs at your pharmacy or for information about reprints.**



# APPENDIX - ROBBERY TRACKING SYSTEMS

3SI Security Systems is the world leader in cash and asset protection systems designed to recover stolen cash and high value assets, apprehend criminals and deter crime. Having over 40 years of experience and protecting more than 40,000 locations worldwide, 3SI offers Teller, Safe, ATM, DNA tagging, Tracking and Cash in Transit products. 3SI's devices currently result in apprehensions in 70% of cases and retrieval of assets in 87% of cases, and the new platform is expected to boost those rates, the company said. – Credit Union Times

According to its website, the GPS currency tracker it sells, called Electronic Satellite Pursuit (ESP), has helped recover more than \$3.1 million.

Prime Communications, an AT&T dealer, estimates that it suffers from two armed robberies per month at its more than 300 stores US-wide. The chain has adopted the use of 3SI Security Systems' FindIt device in June 2013. FindIt, a tracking device the size of a short stack of business cards, can be contained within a product box, such as iPhone, which can locate thieves in their attempt to successfully flee with stolen merchandise. Wall Street Journal - Thomas Gryta.

ESP is a GPS-based currency-tracking product that silently tracks a robber to provide the precise location of the thief and stolen cash. To date, ESP boasts an impressive 72% apprehension rate. – Officer.com

The tracking technology used for CashTrack enables stolen cash to be traced all over the globe across national borders. The device automatically activates when removed from its position and at the same time alerts police and dispatch officers of the robbery. The exact location of the CashTrack and robber can be tracked online via a secured website. 3SI's CashTrack has proven to be very effective – leading to apprehension of the criminals in 70% of the cases. – ASMAG.com – Global Security Web

## Admission of GPS Evidence Signals Brave New World

By Kelso L. Anderson, Litigation News Contributing Editor – February 20, 2014

Because of its apparent intrinsic accuracy, Global Positioning System (GPS) technology may obviate the need for expert testimony in cases in which a disputed fact concerns the location of a person or a vehicle at a particular time. *United States v. Brooks*. The ruling from the U.S. Court of Appeals for the Eighth Circuit signals a judicial embrace of GPS technology as inherently reliable and raises potential constitutional concerns. – American Bar Association article about 3Si apprehensions

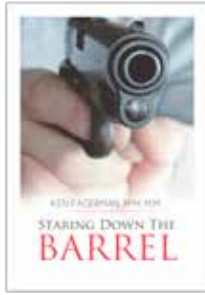
## **New GPS Tracking Solution Offers Protection For Retail Establishments Handling Pharmaceuticals And Electronics, Specifically Smartphones.**

*New smaller, more flexible device enables improved tracking and greater concealment opportunities.*

Pharmacies, electronics stores, game stores – virtually every retail location is facing ever-escalating crime statistics...and criminals are getting more sophisticated every day. To help retail establishments combat this crime wave, 3SI Security Systems is pleased to introduce the NextGen3 Electronic Satellite Pursuit (ESP) GPS tracking solution. This innovative system's global platform leverages multiple security and tracking applications and will deliver impressive apprehension (up to 70% of cases) and asset return (more than 87%) rates. – Integrated Solutions for Retailers, September 23, 2014



# RESOURCES



## Robbery Response Planning

[bookstore.authorhouse.com](http://bookstore.authorhouse.com)



## Tracking Devices

[3sisecurity.com/products/pharmatracker](http://3sisecurity.com/products/pharmatracker)

Tracking devices are available at a discount to members. To obtain your discount code, send us an email at [riskmgmt@phmic.com](mailto:riskmgmt@phmic.com) or call 515-395-7229.



## Armed Robbery Response and Observation Training

[www.courses.learnsomething.com/scripts2/content](http://www.courses.learnsomething.com/scripts2/content)



## Glass Protection

[pharmacyglassprotection.com/pharmacists-mutual/](http://pharmacyglassprotection.com/pharmacists-mutual/)

Pharmacy Glass Protection offers a discount to members and a guarantee to pay the deductible if the crooks succeed.



## Pharmacy Crime Pattern Analysis and Prevention Resources

[www.rxpathrol.org](http://www.rxpathrol.org)

Access to prevention information does not require registration.



## Motion detectors with video feed

[www.videofied.com/us/en/home/](http://www.videofied.com/us/en/home/)

Contact us at [riskmgmt@phmic.com](mailto:riskmgmt@phmic.com) for details on prices available to Pharmacists Mutual members.

## Pharmacy Safes

[www.pharmasafe.us/1/244/index.asp](http://www.pharmasafe.us/1/244/index.asp)



## Burglary Deterrent Fog System

[www.flashfogsecurity.com/index.php](http://www.flashfogsecurity.com/index.php)



## RM Intel From [www.phmic.com](http://www.phmic.com)

RM Intel reports are provided by Pharmacists Mutual to address topical issues related to risk management.

Issues available at [www.phmic.com](http://www.phmic.com) related to pharmacy crime include:

- Burglary and Robbery Risk Assessment
- Asset Protection
- Robbery Training Course
- Clear Bar Window Protection
- Verified Alarms
- Home and Business Alarms
- Pharmacy Robbery Planning
- Pharmacies and Firearms

Additional information is available from current and archived Risk Management Newsletters, or by contacting Risk Management at [riskmgmt@phmic.com](mailto:riskmgmt@phmic.com).

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