

Commercial Crime Prevention Can Earn Insurance Discounts

By D. P. VAN BLARICOM

Chief of Police
Police Department
Bellevue, Wash.

EDITOR'S NOTE: Mention of commercial firms in articles in the FBI Law Enforcement Bulletin is sometimes necessary for clarity, but such mention should not be construed as an endorsement by the FBI.

Chief Van Blaricom



As the city of Bellevue grew from a small suburban community into a major business and population center, the social problem of crime, not surprisingly, grew with it.

The first concentrated effort to affect positively commercial losses by "hardening the target" began in 1971, when a single police officer was assigned to contact personally each of the then approximately 1,000 business establishments in the city and advise them on methods of crime prevention they could reasonably adopt. Because burglary was the most prevalent crime with which we were concerned, initial emphasis was placed on building security; however, it soon became evident that business managers were also interested in shoplifting and check or credit card losses.

After a period of nearly a year, all of the businesses had been contacted, and there was a slight reversal in the number of commercial burglaries, while other crimes continued to rise. Consequently, the essentially ad hoc program was considered to have been a modest success; however, changes of assignment among the department's staff caused this particular crime prevention approach to be discontinued in favor of other priorities.

Crime prevention became an accepted policing method in 1975, when a fully staffed unit was permanently established in the police department. Initially, we concentrated our efforts on rapidly escalating residential burglaries. The directed response to that problem was to take a coordinated

home protection program into the neighborhoods where we actively encouraged residents to improve locks, mark property for identification, and organize block watches. People were extremely cooperative in following suggestions to make their homes more secure, and accordingly, we experienced not only an end to the steadily rising residential burglary rate but a 38-percent decline in such incidents followed over the succeeding 18 months as well.

Commercial burglary, however, continued to increase, and believing we could apply similar methods to achieve the same success with our now over 4,000 business establishments, we initiated a commercial crime prevention program in 1978. By this time, armed robbery had become a frequent occurrence and was included among the other regularly encountered crimes of burglary, shoplifting, check or credit card fraud, and internal theft by employees. The program was structured so as to have participating business managers attend a 1-day seminar that would advise them on how to cost effectively enhance their overall security against potential criminal loss by applying proven crime prevention techniques. After the seminar was conducted, officers made onsite inspections of each participant's store to make specific recommendations on reducing crime in that particular working environment.

The program was initially offered to the local business community by inviting every establishment in a selected area to attend the same seminar as a group of neighboring commercial in-

terests with presumably common problems. An extremely low attendance of only 19 percent of those invited immediately indicated the need for a redesigned format to increase participation. We next presented the program in two half-day sessions with the hope that smaller businesses, which could not afford to have a person away from their shops for a full day or did not have the full range of crime problems, could more readily participate; however, this tactic produced no real improvement in attendance. We next decided to direct invitations to businesses of a particular type (i.e. restaurants, retail clothing stores, etc.). Some slight improvement resulted, but attendance was still unacceptably low at 22 percent. It was obvious that if we did not motivate substantially more voluntary participation, the commercial crime prevention effort was going to fail. (The one notable exception to this pattern was banks, which had been experiencing a rash of robberies. A bank security training program was specially developed, and of the 35 banks in the city, 32 eagerly participated, with some retraining their employees as many as three times over a year's period.) Most frustrating was the fact that those businesses who were represented at the seminars and who implemented the recommended security precautions *did* experience a reduction in criminal loss! Yet, we still could not develop any interest among the majority of the business community to let us help them prevent crime in their own stores. We did not know whether the problem was simply one of apathy or a general belief that nothing could really be done. It was imperative, however, that we find a solution quickly—we could not continue to fund an unsuccessful program.

Finally, we began thinking like our prospective clients and reasoned that perhaps the only way to influence a business person was with the cornerstone of democratic free enterprise—a "profit motive." We contemplated where we might show a clear savings on the business manager's ledger sheet and decided that since our efforts were calculated to reduce risk, the most likely concurrent reduction would be in insurance costs. Drawing

from a similar concept of lower auto insurance premiums for nondrinking drivers, we wondered why similar rate adjustments could not be made for businesses that participate in a proven crime prevention program. Surely it is unfair for those who attempt to protect their establishments against criminal loss to continue sharing higher insurance costs with those who choose to remain vulnerable, especially when the better alternative is freely available from their local police department. It can even be argued that loss reduction from crime prevention is either a wind-fall profit for the insurer or actually serves to subsidize crime by helping cover the losses of those businesses that do not implement their own loss reduction strategies.

The next step was to contact 11 major insurance companies writing commercial business in this region to explore our new idea with them. After observing the operation of the crime prevention program and studying the proposal of insurance credits for participating businesses, three of the largest companies agreed to consider up to as much as a 25-percent premium reduction in their commercial rates, depending upon a business establishment's efforts to enhance its security. A letter was distributed to all participants advising them of the insurance companies' decision to lower the rates for all those involved in the crime prevention program.

Although it is too early to predict complete success, an increased attendance of 44 percent was recorded at a recent seminar, and we think that we may have learned a valuable rule for establishing a cooperative relationship between America's businesses and other agencies. When the private sector's participation in a public program is needed, an economic incentive should be introduced and both will be better served.

Dear Bellevue Business Owner

In an effort to encourage Bellevue businesses to engage in proven crime prevention techniques, we contacted the major local insurance underwriters to explore the possibility of crediting the premiums of those who participate in the Bellevue Police Department's Commercial Crime Prevention Program.

We are pleased to announce that three companies have advised us that they will take such participation into account in setting their rates for individual businesses and they are (in alphabetical order):

Safeco Insurance Companies
State Farm Insurance Companies
Unigard Insurance Group

As a further economic incentive to becoming fully involved in "hardening the target" against criminal loss within your own business, you may wish to obtain a premium quote from one of these companies after completing our program.

While we cannot, of course, recommend a particular carrier, we do want Bellevue businesses to be aware of this community's responsibility to protect itself from crime and we appreciate the support that the insurance industry has given to our mutual effort of enhancing your business' security.

Sincerely,

D. P. Van Blaricom
Chief of Police

The attempt to enhance the security of our business community ranged from being initially frustrating to eventually becoming satisfying. To those who would try to implement similar commercial crime prevention programs in their own communities, it is suggested that far more progress may be made at the outset by starting with the fundamental business equation of "profit and loss."

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