

Corona crisis, how to adapt your logistics

Within a couple of weeks, the Sars-Cov2 pandemic has spread over the globe and is affecting people's daily lives. Aside from the significant threat to human health, the economy has been shaken by the various impacts of restrictions to contain the virus. Global trade is especially vulnerable in the current situation, due to its exposure to international conformity. Logistics chains are being impaired by closed borders, travel restrictions, service providers being shut down, shortage of storage space in one part of the world or shortage of transport equipment in other parts of the world. Reliable logistic chains remain vital for humans and companies all over the globe nonetheless. In this document HDI Risk Consulting provides a comprehensive summary of general and special measurements to meet the challenges of the Corona crisis, adapt your logistics chains and prevent losses.

Ensure storage security

- Accumulation of unattended cargo in warehouses should be avoided.
- Contact your insurer promptly if contracted maxima for single storage places must be exceeded.
- Electronic security systems (such as motion detectors) should be installed where appropriate.
- CCTV coverage is recommended (24/7 surveillance).
- If certain areas remain unattended for a period of time, security measures should be established or re-confirmed (tested) beforehand.
- Verify if your security company is affected by any business impairments and agree on special conditions during the Corona crisis.
- Staging of loaded trailers outside of secure areas should be avoided. Preloading at unattended facilities overnight or over weekends increases the risk of theft.
- Do not allow second tier storage (e.g. for automobiles) but continue to entrust your goods to safe and secure storage facilities only.

- Refer to security standards, for example the Facility Security Requirements (FSR) which are pre-defined by the Transported Asset Protection Association (TAPA).

Increase the flexibility of your logistics chains

The current situation contributes to increased risks as a result of disrupted logistics processes. Take the right precautions.

- Find alternative (back-up) warehouse capacities to meet the challenge of increased stocks in your regular storage spaces. Consider the safety and security standards of these alternative warehouses.
- Establish close communication with your third-party logistics providers and request immediate information in case of any disruptions.
- Expect delays from your logistics service providers, such as packagers, which may impair your delivery schedule.
- Ask for support from the risk engineers at your insurance company or from other experts (e.g. from your logistics provider) in case of any uncertainties.
- Try to obtain confirmation from the consignee prior to launching a shipment, whenever possible.
- Agree on delivery schedules with your consignees.
- Establish alternative procedures in case shipments cannot be delivered (in time) to the consignee (for various reasons). Obtain confirmation of delivery.
- Remain in contact with your key customers and ask for frequent updates.
- Track the amount of cargo in transit and try to obtain status updates.
- Consistently monitor border and seaport closures and set up alternative procedures if needed.
- Identify safe parking lots near the final destination in order to provide your drivers a safe standby location until uncertainties are cleared up.

- Communication with carriers and drivers should be guaranteed.
- Review all procedures and requirements (incl. packaging solutions) for perishable goods such as food and pharmaceuticals.
- When shipping pharmaceutical products review and adapt your contingency plans as per GDP requirements.
- In case perishable or corrosion-sensitive cargoes are stranded and risk being damaged, promptly inform your insurer and eventually seek support from your insurers risk engineering team or from other experts (e.g. your logistics provider).
- For complex (esp. high and heavy) transports, consider restricting travel for surveyors to limit the possibility of road surveys and loadout surveys.
- If possible, your drivers should avoid stopping in high-risk pandemic areas.

General advice

- Keep yourself up-to-date regarding all relevant information and developments.
- Stay flexible and consider alternative transport and storage arrangements taking into account the risks involved.
- Ask for advice from your logistics partners or the risk engineering team of your insurance company if required.

Contact

For questions and/or more information please ask your local HDI contact person.

HDI Global SE
 HDI-Platz 1
 30659 Hannover
 Germany
www.hdi.global

Benefits of HDI Risk Consulting

- > Professional expertise and support available worldwide by our Risk Engineers in respect of transport planning, packaging, storage conditions and cargo handling.
- > Qualified international Risk Engineering network offers clients worldwide multi-discipline support in Risk Engineering.
- > HDI Risk Consulting is a wholly owned subsidiary of HDI Global SE and thus part of the Talanx Group, one of the largest insurance groups in Germany and Europe.