



## Tired of Being Ripped Off?

As a pharmacy owner or manager, are you tired of being ripped off? If your store has ever been robbed, I'm sure you want to prevent a reoccurrence. If you haven't been robbed (theft by use or show of force), you've probably been burglarized (after hours break in and theft). If you have been lucky enough to escape being the victim of either of those crimes, you most certainly have been the victim of shoplifting, employee theft, or both. As thefts from pharmacies increase across the spectrum, the Pharmacists Mutual Risk Management Department is committed to try to help prevent crime against pharmacies or at least reduce the severity of those incidents that can't be prevented.

In this publication we will touch on some very basic loss control techniques that you as a pharmacy owner/operator/manager can use to **prevent or control theft losses from your pharmacy**. We further commit to post on our website, policies and procedures templates you can use to aid in formulating your own specific plans for handling all these different kinds of thefts. As further proof of our commitment, I refer you to the article on page 3 concerning our new **partnership with RxPATROL®**, the national clearinghouse for pharmacy theft information.

Let's take each category of theft one at a time. Robbery first! **Robbery, theft by show or use of force**, is a particularly vile crime. Not only is there property being lost, but there is also the very real possibility of physical or emotional harm to you, your employees, or your patients and customers.

Preventing robberies is a tough task. You must **make your pharmacy "less attractive"** to the potential thief. Among the things that can be done: reducing the amount of narcotics on hand to the bare minimum, reducing the amounts of cash kept on the premises, implementing policies and procedures that train your personnel to be alert to suspicious persons or behaviors, and installing conspicu-

ous surveillance equipment (even if the cameras are just "dummies.") A more comprehensive list can be found on the [www.phmic.com](http://www.phmic.com) website.

Unfortunately, with all that you do to prevent a robbery, an impaired person or a professional thief may still decide to rob your store. Again, policies and procedures, and proper training of employees, are absolutely necessary to lessen the potential for physical harm. Suggested policies and procedures for **during a robbery**: giving the thief exactly what is demanded, avoiding eye contact, proper use of "panic buttons" if they are available, and including "trap" money or property in stolen goods. Avoid the urge to match force with force! Once in a great while, such tactics work to thwart the crime. Much more often, the employee or manager ends up shooting himself or an innocent bystander.

**After the thief has left**, suggested policies and procedures include; not chasing the perp, closing the store (crime scene) until it is processed by law enforcement, writing down descriptions and pertinent facts to aid the investigation and encouraging witnesses to do the same, cooperating fully with law enforcement, reporting the crime to your insurance company claims department, and filing a report with the RxPATROL® database.

Again, much more detailed suggestions can be found on the [www.phmic.com](http://www.phmic.com) website along with a procedures template for robbery situations. For those without web access, contact the Pharmacists Mutual Risk Management Department for hard copies.

That brings us to the next category: **burglary**. That is: **a felonious crime or theft after a forced entry**. While burglary takes away the immediate threat of personal harm, it adds back the very real likelihood of damage to the property being entered (broken glass, wrecked doors, ruined roofs or walls, etc.)

**Pre-event loss control for burglary** includes: a good burglar alarm system (see Alarm System White Paper on [www.phmic.com](http://www.phmic.com)), making your store less attractive to burglars (see above under Robbery), training your personnel to be alert to suspicious customers and behaviors and to report those situations, keeping Schedule III narcotics in a secure, non-portable safe, and developing a rapport with your local law enforcement agency. Remember, burglars need a finite amount of time between alarm and arrival of the cops. The object of burglary loss prevention is to cut into that window of time or, even better, present a location that is non "burglar friendly" so the thieves will go on to another store.

**Post-event loss control** policies and procedures include: preserving the crime scene, protecting non-affected property from further loss, cooperating fully with the law enforcement investigation, filing your insurance claim, and filing the Theft Report Form with RxPATROL®.

More comprehensive suggested policies and procedures and templates for implementing a written plan for your business can be found at the Risk Management section of [www.phmic.com](http://www.phmic.com).

**Shoplifting and employee theft** are the remaining crimes against pharmacy we need to cover. While seemingly much less of a problem than robbery or burglary, shoplifting and employee theft constitute the most pervasive theft threats to retail businesses of all kinds. Shoplifting alone is estimated to cost every retail operation between .7% and 2.2%, with an average loss of 1.7% of sales. That's \$17,000 to a \$1,000,000 store. At today's slim profit margins, it takes a lot of additional sales to make up that \$17,000.

And, if you're saying to yourself, **"that doesn't happen in my store," YOU'RE KIDDING YOURSELF!** You almost certainly have merchandise stolen by outsiders and you are probably the

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victim of employee theft that could range from pilfering supplies to outright fraud.

Shoplifting is almost pandemic in today's retail world. Shoplifters can be pre-teen amateurs stealing candy or groups of professional thieves stealing "pre-ordered" OTCs or designer cosmetics for fences. Whoever they are, and whatever they're stealing, they can take a huge chunk from your bottom line.

Controlling the losses from shoplifting must **start with a philosophical decision**. Is your pharmacy going to be "hard on shoplifters," or are you going to take a soft, non-confrontational approach and chalk up the losses as a cost of doing business? If the latter is going to be your approach, I can almost guarantee that word will get around and you will be on the high end of the estimates quoted above.

If you are willing to take the hard line with shoplifters, you are going to have to do it carefully, even-handedly, and with purpose. The results will be lower losses from shoplifting. The first thing you should commit to do is to formulate a **written policy** regarding all the different aspects of the problem. What are the suspicious behaviors to watch for? What are the triggers that must be present to detain a suspect? What can and cannot be said during the various phases of the process? Who has the store's authority to make a stop? What are your specific state laws, i.e., "merchant statutes" regarding shoplifters, and how do they influence your actions? How do you protect your interests while avoiding personal injury (false arrest, slander, libel, battery, discrimination) claims of a detainee?

The Risk Management section of our website, [www.phmic.com](http://www.phmic.com), has much more information on the perils and pitfalls of shoplifting prevention techniques. It also has a template for Shoplifting Policies and Procedures that you are welcome to use in formulating your pharmacy's plans. Once you've composed your plan, it is important to note again that state laws vary and you should verify with legal counsel the local or state legality of the plan.

The next step in the process for controlling shoplifting losses is **training your employees and supervisors** in the nuances and procedures set forth in the written plan. Devoted employees without a plan can get you in more trouble than they can possibly save you in losses. On the other hand, a good plan without

buy-in from your managers and employees isn't worth the paper it's printed on.

Once you have a good, and legal, written policy and have trained your employees, supervisors, and managers on the contents, you are ready to implement the program. You should see the results the next time you take inventory.

Next up – **employee dishonesty!** The subject includes everything from an employee pilfering office supplies, store merchandise, or drugs for home use or resale; to complicated computer fraud schemes misappropriating thousands in money or securities. One of the biggest problems with employee dishonesty is that it often goes unpunished. A victimized owner or manager is often so disappointed and embarrassed at being robbed or swindled that legitimate cases and charges are "swept under the rug" after simply terminating the offending employee. That leads me to mention another very real problem; a very delicate and distasteful one. A situation that most owners and managers don't even want to consider. That is: your longest term, most trusted employees have the greatest opportunity and access to the highest value items, and often turn out to be the perpetrators. "Not in my shop," you say. Well, hopefully not, but it happens to trusting, friendly owners and managers every single day. The statistics prove it.

Employee dishonesty loss control efforts should concentrate on **PREVENTING** the losses from happening rather than trying to **REDUCE** the severity of the losses that do occur. In your efforts to prevent employee dishonesty, your first emphasis should be on **hiring practices** that help you avoid hiring employees that could be a problem.

What about the employees already on staff? **Communicate** to all employees management's concerns about employee dishonesty. Inform the staff how much employee dishonesty is estimated to cost your business each year. Use a figure that is .6% of gross receipts – that's the estimated average. Tell them that the topic has become a management priority and that methods and means will be instituted to apprehend **AND PROSECUTE** offenders.

Install **video cameras** aimed at cash drawers, the pharmacy area, and storage areas. Analyze the tapes periodically. Control access to the monitors and tape or DVD recorders. Keep valuable merchandise like cameras or jewelry in **locked display cases**. **Employee purchase** trans-


actions should always be conducted by another employee.

Make **vacations mandatory** for personnel performing cash handling or accounting functions. Make sure that cash, checks, and narcotics are **accessible only to authorized employees**. Take a look at your bank deposit routines. Are they just that, too routine? If so, vary the routines from time to time. If necessary, create a policy of **checks and balances** for cash handling procedures, e.g., one person makes up the cash deposits, another makes the actual deposits, and perhaps still another writes the disbursement checks. Ask your bank to help **create a dual signature system** for all checks or, at least, checks that exceed a certain amount. In a small company, such segregation of duties might not be feasible. In that case, you might consider **job rotation**. Making sure that more than one person can perform a specific function is good management planning in case of injury or illness in addition to being good theft loss control.

How about a situation where you suspect an existing employee? Some of the methods mentioned above; like the cameras, mandatory vacations, cash and disbursements procedures, job rotation, and the dual signatures; would be effective deterrents to further incidents. A suspected employee who is "living beyond his or her means" might be a candidate for a **professional investigation**. Other employees often have better knowledge of what is actually going on than the manager. **Enlist their help** (if necessary, point out how the situation adversely affects them).

Employee dishonesty is difficult, but not impossible, to prove. Sometimes it's even difficult to admit that it is happening, or may be happening, to you. That should not deter you from making these loss control efforts. After all, whether it's a pack of chewing gum or thousands of dollars, it is still stealing. And, it's all coming out of your pocket.

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That concludes these summaries on the "theft crimes against pharmacies" topics. Again, I remind you that more comprehensive information on robbery, burglary, shoplifting, and employee theft can be found on our website, [www.phmic.com](http://www.phmic.com) under the Risk Management section. Also there, are templates for policies, procedures and SOPs regarding these same topics. 

# RxPATROL® to Take Pharmacy Thieves Off the Street

by **Kenneth R. Baker, R.Ph., J.D., Pharmacists Mutual Insurance Company**

John and his wife had been married for a little over seven years and they had two young children who absolutely adored daddy. You could tell from the sparkle in his eye when he spoke of his family that they were the center of his world. That did not diminish John's dedication to his profession. John was a pharmacist in an independent pharmacy in Indianapolis, Indiana. John was what everyone pictured when they thought of a community pharmacist. He was tall, kind, cheerful and smart. It was apparent that his patients and the pharmacy's customers sincerely liked this young man. John always wore a smile. John's world was good and he brightened everyone's who knew him.

John's world ended when a drug addict with a gun and an expensive habit entered John's pharmacy looking for drugs – what he called “the good stuff” – all schedule II, of course. John did exactly what he was told. He opened the safe; put the schedule II controlled substances in a bag; he handed the bag to the man with the gun and, when ordered, he knelt on the floor of the prescription area with his hands behind his head. Why the robber pulled the trigger and killed John remains a mystery. John's killer was never caught.

John was not only a fellow pharmacist, he was my friend. At Pharmacists Mutual Insurance Company, we serve pharmacists who work every day in a place where they could instantly become another John. Each year we receive a lot of claims from insured pharmacies of thefts, burglaries and robberies of controlled substances. We are dedicated to seeing no more pharmacists like John cut down while practicing their chosen profession because pharmacies are viewed by criminals as an “easy hit” and their “candy store.”

Nor do we believe that pharmacists should be forced by these criminals to

choose between serving their patients' prescription needs and the pharmacy staff's personal safety by having to decide not to carry certain drugs that are on this month's “dealer's hot list.” Several pharmacies are now forced to post signs in their windows attesting to the fact that they do not stock drug A or B. These pharmacists have been put in the position of letting criminals decide how they practice and whom they serve.


Pharmacists Mutual Insurance Company has for some time been looking for ways to assist pharmacists to fight back. We have published articles and presented programs on steps a pharmacy can take to discourage and protect against theft, burglary and robbery. We often suggest technology, such as cameras and dead-bolt locks, designed to dissuade criminals. We will continue to speak, publish and suggest in this area.

Pharmacists Mutual has now taken the next step. We have joined with RxPATROL® in an effort that will assist police to identify and arrest thieves, burglars and robbers before they strike the next pharmacy. RxPATROL® is an information clearinghouse that collects, analyzes and shares information concerning pharmacy thefts with police agencies across the country. By providing this information, police can analyze patterns to create profiles of the culprits who target pharmacies for the controlled substances they stock. Often such criminals cross state lines to avoid an alert knowing that states have not communicated with each other. RxPATROL® will close that loophole if enough police agencies use the service. At first, we will test this in one region, but we anticipate then expanding the practice country-wide.

Statistical information provided by RxPATROL® will also allow Pharmacists Mutual to analyze patterns among the burglaries, thefts and robberies to

alert pharmacies as to the best ways to protect themselves. For example, the data we have reviewed so far has told us that over 90% of the pharmacies who were victims of theft did not have in-store video surveillance equipment installed. RxPATROL® officers have told us that pharmacy thieves have told them that they often visit a pharmacy prior to a robbery and if video equipment is visible, they select another pharmacy. We and RxPATROL® will be able to provide pharmacies with assessment tools they can use to prevent the criminals from striking.

While there are many benefits for the pharmacist and pharmacy from Pharmacists Mutual combining forces with RxPATROL®, there is one more short form to fill out and send in. Currently a pharmacist reporting a theft of controlled substances is asked to send in a copy of the police report, DEA 106 and fill out a short loss notice. Filling out the additional RxPATROL® report will provide the information tools necessary to curtail crimes against pharmacies.

Funded and developed by Purdue Pharma, L.P., RxPATROL®, which stands for Rx Pattern Analysis Tracking Robberies and Other Losses, has become a police tool accessible by peace officers from across the country. You can check out RxPATROL® at [www.rxpatrol.org](http://www.rxpatrol.org). If the police in your area are not currently using RxPATROL®, urge them to do so. If our trial proves successful, as we believe it will, Pharmacists Mutual will be urging all insurance companies that issue pharmacy policies to join us. Together, we can make a difference. 

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## WHAT'S IN YOUR CAR THIS WINTER?

It's been quite a few years since we published this list of what we consider to be items that should be in **every vehicle during winter driving conditions**, so here it is again.

### These items should be in the passenger compartment of the vehicle:

- A "Call Help" sign
- Flashlight
- A package of replacement fuses
- Ziploc bags, "travel potties," or the like and toilet paper
- Blanket
- First Aid kit
- Nonperishable foods
- Nonalcoholic beverages (beware of freezing)

### These items should be in every trunk:

- The car jack and a small piece of plywood for supporting the base
- Spare tire, an **empty** approved gas container
- Engine oil, coolant, windshield washer fluid, spare radiator hose or "stop leak" solution
- Small ABC rated fire extinguisher
- "Vise-Grip" type pliers (to use as a clamp), wrenches, both types of screwdrivers
- A small shovel

And, please remember to keep your car **tuned up**, keep your gas tank **at least half full**, and if you're stranded in storm or blizzard conditions, **stay with your vehicle**. This last situation is one of the most legitimate reasons to carry a **cell phone**. 📱

### Do you have any questions or requests concerning

✓ The contents of this newsletter?

✓ Safety Consultation Services?

call **800-247-5930 ext. 7229**

or e-mail [jack.williams@phmic.com](mailto:jack.williams@phmic.com)

From time to time, our underwriters run into this situation. A business insurance customer will buy a vehicle and title it in their own individual name. They then call our underwriter and want to insure the vehicle under the corporation or business auto insurance policy. When our underwriters inform the customer that this cannot be done, some of those customers become quite upset.

Our reasoning requires a short lesson in "Insurance 101." Your insurance policy is based on **contract** law. It is a contract between our company and the **named insured**. In order for us to make any claim payments on the policy, the named insured must have an **insurable interest** in the property in question. When an individual owns and has title to a vehicle, the corporation or business has no ownership interest in the property and, thus, no insurable interest. **To boil it down – titled owner and "named insured" must be the same in order for the contract to be valid.**

So, please understand that your underwriter is only protecting your interests when he or she insists that the named insured is the titleholder of the vehicle. 📱

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