



**PAHEK
SECURITY**

CUSTOM SECURITY THAT PROTECTS

Your Security Guard Is Not Your Insurance Policy

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A Costly Misunderstanding

Recently, a project manager at a large construction firm made this bold statement:

“We hire security companies for insurance purposes.”

It’s a statement many security companies have heard before. And while it might sound logical on the surface, it reveals a deep and dangerous misunderstanding of what a security guard service actually provides.

Too often, clients assume that because guards are on-site, any loss, theft, or damage that happens must automatically become the security company’s liability. Even if the value of that loss is ten or twenty times the monthly invoice. Even if the guards were underpaid, poorly equipped, or complicit.

This article aims to reset that thinking.

You Hire Security to Prevent Losses — Not Cover Them

A security guard’s primary role is to observe, report, protect and enforce policies— not to reimburse, replace, or absorb financial losses.

Hiring a guard service is like installing smoke detectors and fire extinguishers. They reduce risk. They buy time. They add structure.

But they don’t promise compensation if the fire breaks out. That’s what insurance is for.

If you want prevention, hire guards. If you want recovery, get insurance.

Insurance Is Paid Before Risk, Security Is Paid After

Clients pay insurance premiums upfront, often annually or quarterly — long before any claim arises. These premiums are calculated based on the level of risk: the higher the value of assets or likelihood of loss, the higher the premium.

This prepaid pool of capital is what allows insurers to compensate for losses when they occur.

In contrast, security providers are paid in arrears, after the service is rendered — typically month by month. Yet unlike insurance, security service fees are not risk-based. They're calculated based on the number of guards, shift hours, and operational costs — not the value or vulnerability of what's being protected.

Would any insurance company agree to compensate you if you paid them only after something went wrong? Absolutely not. But security companies are expected to do exactly that — without negotiation, without premium-level pricing, and without reserve capital.

Insurance Premiums vs Security Invoices: Apples and Oranges

Insurance companies calculate premiums based on:

- Total value of assets
- Type of risk
- Historical claim frequency
- Your ability to pay

Security companies charge:

- Per guard per shift
- Based on manpower, kitting, and logistics
- Not based on the value of what's being protected

A \$2 million monthly invoice doesn't magically cover a \$20 million generator. Yet many clients act like it should.

While many professional security firms carry insurance (fidelity, public liability, indemnity), these policies have strict financial limits and exclusions.

Guard service fees are not built to absorb catastrophic losses. They are priced for operational coverage, not compensatory finance.

Breaking Down the True Cost of Guard Services

Your monthly security invoice typically includes:

- Competitive guard salaries
- Recruitment and background checks
- Uniforms, boots, caps, and torchlights
- Communication tools (phones, radios)
- Patrol vehicles, fuel, and maintenance
- Site inspections and supervision
- Risk liability insurance (up to a defined limit)
- Administrative and compliance overhead

These aren't "extras" — they're necessary costs to ensure guards function professionally. If an incident occurs and payment is withheld, **how does the company continue operations, pay guards, and deliver service continuity?**

Demanding Insurance-Level Payouts from Guard-Level Fees

We've seen it happen: a client loses an asset worth \$80 million — and immediately expects the security company, whose monthly invoice is just \$3 million, to cover the full replacement cost.

Let's do the math.

Even if every kobo paid over the next two years was diverted toward compensating that loss, it still wouldn't be enough. And during that time:

- Guards would go unpaid
- Patrols and supervision would grind to a halt
- Operations would stall
- The company would hemorrhage both cash and credibility

That's not risk-sharing. That's financial dumping.

Security companies operate on lean margins to provide manned protection, not indemnity coverage.

No business model — not even the best-run security firm — is designed to absorb uninsurable, unplanned, high-value losses **while continuing to deliver full service.**

If you're paying for guards, expect protection — not payout. That's what insurance is for.

Accountability Is Not a Blank Cheque

Yes, security companies must be accountable when they fail in their duty – especially in cases of proven negligence, breach of procedure, or dereliction of post.

But let's be clear:

Accountability does not mean becoming the unlimited financial backstop for every incident or loss.

No professional service provider – not your logistics partner, not your contractor, not even your insurer – accepts open-ended liability without limits, clauses, and context. So why should a security company?

You pay for protection, not for restitution. And when things go wrong, compensation – if any – must be bound by contractual terms, insured coverage, and factual investigation.

This is why smart, sustainable partnerships are grounded in:

- Clear and realistic scope of services
- Defined limits of responsibility
- Active insurance coverage from both parties
- Strong internal controls that complement external security

Without these, what you have is not a partnership – it's exposure. And exposure, sooner or later, leads to collapse.

Guards Are Not Your Financial Fall Guys

Security guards are your first line of defense, not your fallback for financial loss.

They are not dodging responsibility — they're calling for clarity and fairness in how that responsibility is shared.

You hire a guard service to prevent incidents, enforce discipline, and reduce risk on-site — not to absorb unplanned losses or replace uninsured assets.

And when prevention fails — as it sometimes does — compensation must follow clearly defined, contractual, and insurable frameworks, not emotional demands or after-the-fact expectations.

True partnerships thrive when roles are respected and liability is realistically allocated. Let's protect that balance — for your project's success and your provider's survival.

Let's Recalibrate Expectations

If your current approach views your security vendor as an unpaid insurer, it's time to rethink the relationship.

At Pahek Security Services Ltd, we build security partnerships rooted in clarity, professionalism, and accountability. We prevent loss — but we also protect our ability to keep serving you tomorrow.

Let's work together to define a balanced, win-win approach to site protection. When things go wrong, shared responsibility is the only path forward.

👉 Contact us today to review your security plan — and make sure everyone understands what they're really responsible for.

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