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## **The Winds of Change are Blowing and the Repo Insurance Market is Hardening**

With an election year upon us and so much uncertainty surrounding our political and economic environments, we are starting to see change coming.

We are starting to see some more movement in subprime lending, which will slowly improve things for our industry. But make no mistake about it, repossession numbers will likely never be back where they were in the 2007-2010 periods. Regulations in lending, fear of the involvement of the CFPB and a general change in how lenders look at and deal with default have forever changed the lending environment, ultimately changing yours.

With more and more forwarders becoming punitive in their contracts - assessing fees for every infraction of their policies, demanding pay-off and replacement costs for what amounts to others bad decision making, and pushing rates that don't cover operating costs much less any profit – we would be fools to guess how that environment will continue to affect the industry. At some point repossessioners will say enough is enough. And when that time comes – so will more change.

But one thing we do know is that the insurance market is tightening....just as we predicted it would. Repossessioners who found significantly cheaper prices than they could before, are finding themselves being non-renewed. The artificially low prices cannot withstand the claims associated with this industry and as a result carriers are leaving the market. We know of 2 different carriers leaving the market in just the past 90 days alone, which is a strong indicator that more will follow suit.

RSIG's rates have remained stable for decades. RSIG members rates have not increased and have in fact decreased somewhat, but we understand the industry so we'll never drop our rates so low that we cannot withstand the claims that we know are going to happen. With society becoming more litigious and lenders pushing for settlements and higher payouts to protect their corporate brands, the math simply doesn't add up. You cannot have higher losses paid by the insurance carriers with lower premiums and have an individual policy take the hit.

So where does that leave you? Well, that all depends. You may be currently with a carrier that offered you unbelievably low rates and maybe you haven't had any losses – that's great for you... until your carrier leaves the market because someone else did have losses and they didn't understand the risk associated with the repo industry. And if you're with one of the low rate carriers and you have had claims – well now your loss ratio is skewed because you have losses, but your premium wasn't priced where it should have been and your loss ratio is much higher than it otherwise would have been.

We don't claim to know the future of this industry, we do know as we have always said that it will continue to evolve and that the only thing for certain is change. Are you prepared to handle those changes? Do you have a group behind you to support your needs and your business as these changes happen? If not you should! If you want to find that support you can find us at [www.rsig.com](http://www.rsig.com) or by calling our office 703.365.0199 for more information.