



RECOVERY NEWS



Recovery Specialist Insurance Group

“Remove the Liability Before Removing the Vehicle”

AUGUST 2011

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IN THE NEWS...

REPO INSURANCE...OR TRUCK INSURANCE?—from the desk of Dana Loan



Ask yourself this question, what is it that put this claim into motion? Just because you may have had a repo on hook, or on the back of the roll back, or you may have been at the scene of a repossession doesn't always mean that your repo insurance (General Liability) is the responding policy.

On an individual policy where all coverages are on one single policy, this is practically a mute point. One single policy (subject to coverage terms and conditions of the policy) will pay all damages; increasing the loss ratio on the individual's policy. RSIG members have separate

coverages for their repossession activities and their owned auto/tow truck coverages, thus better protecting the loss ratios of both policies since losses are shared over two policies instead of just one.

QUESTION 1: Your driver has a 2011 Ford Mustang on-hook when he takes a curve too close and hits the debtor's wife's vehicle with the tow truck; only the debtor's wife's vehicle is damaged. **Which policy should respond?** [] Truck Policy [] Repo Policy [] Neither [] Both

QUESTION 2: Your driver has keys to a 2010 Toyota Corolla and is driving it out of the driveway when he hits the debtor's wife's vehicle parked in the driveway; both vehicles are damaged. **Which policy should respond?** [] Truck Policy [] Repo Policy [] Neither [] Both

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MARKET DISCOVERY AND COMPETITIVE ADVANTAGES...ARE YOU TAKING ADVANTAGE OF THE OPPORTUNITY PROVIDED?



So out of the 250+ RSIG members, 4 responded to our request. Only 4 members provided any client information to our request for contact information to provide to our carrier who

wants to help you market yourself better.

Earlier this month we emailed the membership with the exciting news that our carrier believes so much in this group and the continuance of our being viewed as the industry leaders, that they sent in a marketing team to brainstorm ways to promote RSIG members and NAMS throughout the industry.

One of the plans of the marketing team is over the next several weeks to reach out to lenders through emails and webinars to gauge their current knowledge of the RSIG program and brand, their current knowledge of the NAMS system and interest in knowing more or moving forward with using the system. They have asked us for a contact list of prospective lenders who may be interested. This is where we turned to you to ask for help.

We asked that each member provide a complete client contact list of the banks and financial institutions you currently work with so

we can get in front of them and remind them why this membership is the industry's best.

Only 4 members responded, 4 out of the entire membership. To those 4 members, we say thank you! The contacts you provided are on our list of lenders to reach out to and we know that most are already very familiar with the RSIG program. To the rest of you, we say shame on you!

The purpose of your joining RSIG was not only to obtain top quality insurance, but also to belong to a group that understands your industry and will work as an advocate for you. With everyone trying to imitate what we do by requiring inspections and trying to become compliance companies, RSIG is elevating what we have to offer.

With the development of NAMS, we have something new and extremely valuable to offer lenders, but need your help to do it. As forwarders began to dominate the industry, many of you turned your focus to your community banks and local credit unions – these are the exact types of lenders we're looking to reach out to. Many of these types of institutions do not have existing relationships with forwarders or any particular group or assignment system. Why not introduce them to RSIG and NAMS? ■

QUESTION 3: Your driver has a 2009 Cadillac Escalade on a rollback when he hits an uneven spot in the debtor's driveway. The Corolla's door opens, scratching the roof of the debtor's wife's vehicle and damaging the door of the repossessed vehicle.

Which policy should respond? [] Truck Policy [] Repo Policy [] Neither [] Both

ANSWER 1: Your tow truck policy. As your truck is what caused the damage, your truck policy should respond. It doesn't matter that your truck was towing a repossessed vehicle, your truck put the claim in motion and should be the responding policy.

ANSWER 2: Your RSIG policy. The RSIG policy provides coverage for the repossessed vehicle and the vehicle that was struck by the repossessed unit being driven by your employee. The RSIG policy not only provides the physical damage coverage for the repossessed vehicle but also the liability for drive away repossessions.

ANSWER 3: BOTH, your tow truck policy and the RSIG policy. As discussed previously the RSIG policy provides physical damage coverage for the repossessed unit; this would cover the damage to the door of the repossessed vehicle. The damage to the debtor's wife's vehicle however would need to be submitted to your truck carrier inasmuch as the other vehicle would not have been damaged if the tow truck wasn't moving.

We are going to try to focus each month on one aspect of the insurance coverage provided to you through your membership in RSIG or issues that may be important to you as a professional reposessor. We will try to give examples from actual claims and explain how the insurance coverage applies. We invite you to submit your examples or questions. Please email your questions to newsletter@rsig.com. ■

THE HARDENING OF THE SOFT MARKET

Insurance agents everywhere have tried to capitalize on the lengthy period of soft market conditions. If you remember from an article earlier this month, soft markets are conditions where carriers are more likely to write business and enter markets that they are not currently involved with. Soft Markets typically artificially lower prices as providers and carriers in new markets attempt to "buy the business" with extremely low pricing that is not reflective of the true risk.

The reality of the situation is that like every business, including your own, banks and insurance companies are in business to make money. To really understand the implications of soft/hard markets, we need to understand how insurance companies make money. Insurance companies have at least two different types of income; for our discussion, we're going to focus on the main two... investment income and underwriting income.

Guessing our first stop in this journey towards understanding, should be knowing what these terms actually mean:

- **What Does Investment Income Mean?**

Income coming from interest payments, dividends, capital gains collected upon the sale of a security or other assets, and any other profit that is made through an investment vehicle of any kind. Read more: <http://www.investopedia.com/terms/i/investmentincome.asp#ixzz1Vx6dEkNO>

- **What Does Underwriting Income Mean?**

The amount of income an insurance company generates. It is calculated as the difference between premiums earned and all losses, costs, and dividends paid when settling claims.

Read more: http://www.investorwords.com/7257/underwriting_income.html#ixzz1Vx6uOVpP

There are several key words in these definitions that tie directly to premium pricing. When considering investment income, the key word is INVESTMENT. That means the income is driven by the markets, by the economy. If the economy is good, insurance companies can make money in the market off of their investments.... they don't have to look at underwriting quite so much.

When looking at underwriting income, the key words are UNDERWRITING and CLAIMS. This means that carriers are likely not making money in the market and have turned their eye towards things they can control... the types of risk they are writing and how those risks are performing. So if a program is risky by nature (the repossession industry), and it is producing claims that are costing more than the company is bringing in... that's a losing venture.

Now that we have a very elementary look at insurance company finances, is it possible that the current soft market conditions are changing? SNL Financial is a leading provider of financial information and reported earlier this year:

"Commercial lines insurers have been stuck in a prolonged soft market, but we are seeing an end to many of the factors enabling this trend. After analyzing data for 95% of the industry, SNL Financial found that the U.S. insurance industry's negative returns on underwriting continue to deepen and the short-term boost from over-reserving for prior years is running out," explained Jon Wright, SNL Financial's Director of Insurance. "Overall premium growth continued to recover in 2010, and our findings point to further continuance of that trend in 2011." <http://www.prweb.com/releases/property-casualty/insurance-underwriting/prweb8188697.htm>

Industry analysts say yes, the reign of the soft market may be ending. Mother Nature, who can also play a pivotal role in this process, is also offering her input as active hurricane and storm seasons, summers of tornados and excess heat, and earthquakes not only take their toll on the countries and communities they affect; but also the insurance companies that are expected to pay for their damage. ■

2ND QUARTER STATE OF AUTO FINANCE MARKET

RSIG regularly attends webinars presented by Experian Automotive discussing the state of the Auto Finance Market in the 2nd quarter 2011. The most recent webinar attended just this week offered very good information about the state of the industry and a glimpse of a positive change for the repossession industry, although it will be over the next 12 months, at least. While the Auto Finance market is showing signs of strengthening as car sales slowly increase, the delinquency rate of these new loans are still very low because financing remains strongest for the upper

credit scores. The positive glimpse however, comes from the creeping trend of increased financing opportunities for those with lower credit scores. As those with lower credit scores find more financing opportunities, the delinquency rate will increase – which is a good thing for the repossession industry. The message we took from the webinar... Repossessors should hang in there, delinquency rates will rise, but not likely to the points seen prior to the recession. ■

DETERMINATION, EDUCATION...CERTIFICATION



For more than 8 years RSIG has shown determination in providing the industry an avenue to receive top notch education and certification. The course has evolved over the years from a 2 day classroom course, to a home study course with an in-class review to now being available

online. The online courses make certification, easier to achieve and more accessible to you when you need it. Not only do we host the Recovery Specialist Certification Course on line with access

to state specific information constantly being added, but we also are the only site where you can purchase Michele Stuart of JAG Investigations Internet Profiling and Skip-Tracing course. Discounts are available to RSIG members and their staff by calling our office to obtain an RSIG exclusive coupon code. Certification is the way to go! Lenders are requiring it, it keeps your employees safer and reduces losses. Don't miss out on this opportunity! Call our office today for a coupon code and then click on the Certified Recovery Agent logo on our web site at www.rsig.com. ■

MOST VALUABLE EMPLOYEE....EMPLOYEE APPRECIATION.... AUGUST 2011



This month, Elisa and Chris Schmid of Victor Valley Adjusters, responded to our Most Valuable Employee Contest. They responded with this email "We would like to nominate Kenn Terlaje as our *Most Valuable Employee*. Kenn has been a model employee for us over the last 8 years. He goes above and beyond on a daily

basis. Kenn is the most trustworthy and dependable employee we have ever had at Victor Valley Adjusters, Ltd. Ken has multiple responsibilities ranging from the office to the field all of which he handles extremely well. In addition to being our MVE, Kenn is a dedicated husband and father to his wife Leslie and their three children. We are very fortunate and blessed to have him on our team."

Way to go Kenn and Congratulations! ■

If you have an employee that you would like to have recognized in this way, submit their story and a photo if available to us for consideration and review. The feedback we receive from you will determine how long this column will continue. One submission per company is allowed per month and each will be reviewed on its own merits. All submissions must be received by the 15th of the month to be eligible for consideration, so get your September MVE submissions in! In your submission be sure to include how long this person has been with your company and why they are such an asset to you!

It's a no cost way for you to recognize your employees that help you succeed. It's a way to possibly increase employee morale as the recognition will hopefully inspire others to work towards them being nominated next. As an incentive...each person who gets recognized in the RSIG News will be entered into a drawing to be held December 1, for a \$200.00 Gift card, just in time for the holidays. ■

HOW TO FIND US!

If you haven't already, be sure to find us and like us on Facebook at www.facebook.com/RSIGInsurance! We also have a group on LinkedIn (www.linkedin.com), Search - Recovery Specialist Insurance Group. Find us and follow us there as well. We'll have lots of discussion about things new and interesting to the membership as well as the opportunity to post questions and get answers. ■