



RECOVERY NEWS



Recovery Specialist Insurance Group

“Remove the Liability Before Removing the Vehicle”

OCTOBER 2011

This Issue...

- On the Road Again 1
- Motivation 1
- Now & Then 2
- MVE 2
- It COULD Happen..... 3
- Giving Back 3
- How to Find Us..... 3



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IN THE NEWS...

ON THE ROAD AGAIN...



RSIG's CEO and Business Development Director have been attending industry meetings and scheduling

meetings with lenders nationwide to get more business funneled your way. Attendance was good at the recent California Credit Union Collector's Council meeting, where RSIG reps met several credit unions already using the NAMS program who are extremely impressed with the caliber and quality of the system; they met others who have expressed a lot of interest in the system and are starting the training process.

The following week, they were back on the road to the Dallas/Ft. Worth area that is a rich hub of auto lenders. Meetings with several large lenders were extremely positive with NAMS being referred to as the "most robust system" on the market today. As a result, additional meetings with these lenders' legal departments and some testing of the program by these lenders are ongoing. All very positive signs.

Even our carrier, Zurich American Insurance Company is traveling and cross selling on your behalf. They are meeting with the clients that they ensure with other lines of coverage and are promoting the RSIG membership and NAMS program. This approach gives the client the comfort and security of knowing all of their claims will be handled by a top-notch insurance carrier and they essentially are able to have a one stop shop when it comes to insurance related concerns.

Working for you in this capacity is yet another benefit of RSIG membership. You won't find this sort of marketing effort with any other insurance program and you won't be able to get this type of access to the decision makers on your own. Together we are stronger and more valuable to the finance community.

Next month, the crew will be in the Southwest and in Atlanta at the East Coast Buy Here Pay Here conference and attending more industry meetings and meetings with lenders. Stay tuned! ■

MOTIVATION



When you talk to the repossession in Florida and in California what are their thoughts on licensing? Do they feel it benefits the industry? Has it helped them or hurt them?

Many believe that licensing started off with decent intentions, but has been ineffectively monitored and policed. Those that do the right thing and follow the rules are arbitrarily punished and fined for not following obscure

guidelines that likely have not been updated for years. The entity responsible for enforcement doesn't have the funding to consistently and actively go after unlicensed activity; so enforcement efforts are focused on the captive audience...the list of licensees. After all, that is their sole source of funding.

Now Illinois is the latest state to start trying to license and regulate the repossession industry. But when you review the draft law and see the list of fees associated with the law one has to question who is really behind the licensing and why.

IF, and that's a BIG IF, it is the state that decided to model their law after the Florida licensing policies, then it is obvious that money is the ultimate goal. And let's face it right now the federal government, state governments, our business, your business... everyone everywhere is looking for ways to generate more money. This is just the state of our economy.

But on the other hand if a member of the repossession industry is the fuel behind this fire, then what was the motivation behind it? If the motivation is to create a sense of fairness in the industry trying to hold everyone to a similar set of standards, then this new law may or may not do that. Effectively it shuts down smaller "Mom & Pop" or "Owner/Operator" companies that may be fully capable of servicing their clients' accounts because they likely won't be able to afford the registration and continued renewal fees.

And for the larger repossession companies, it will cause their cost of doing business to skyrocket. These fees of course won't be passed on to the client in the form of higher repossession fees, because lenders are constantly finding ways to cut their costs. So their bottom line continues to shrink and then what?

When it comes to legislation it is always important to see who is proposing and pushing the ideas and who may be in the background. Is it an entity who stands to gain financially? Is it a single company or business entity that will profit from the sale of a product or service required by the law? Is the legislation designed to eliminate competition for one or just a few? Who stands to gain from the passing of the legislation? If it's just one small group or seeks to specifically exclude otherwise qualified businesses, it's time to stand up and be heard.

As Mike Howk, RSIG's Director of Education always says.... "Education not Legislation". In one state, a new regulation almost ended self help repossession entirely. When regulation is thrown around loosely without a true view of the consequences, bad things can happen. ■

NOW & LATER

Here's How it Goes....Now



Good Afternoon Business Owner....

I'm (fill in the blank) from (fill in the blank).... I can save you 30% or more on your repossession insurance. Blah, Blah, Blah....

We know it's happening again.... When you're the best at what

you do, you always wear a target on your back. And when you've been the leader for 20+ years, the "competition" of course goes after our membership because they know you're the best... and it makes things really easy for them.

You went through a lot to become an RSIG member so they know you've been carefully underwritten to get here. You attend continuing education and participate in risk management because we require it, so they know you're properly trained and probably have low loss ratios. So of course you look very attractive to them, and now their offer is starting to look attractive to you.

These same carriers and agencies either don't have the experience needed to stay in the industry or have been down this road before, and had it backfire on them. They have made promises they can't keep, have used questionable tactics to obtain business and have lost programs so they don't have anything to offer at all. They have given endorsements, like discussed in the last newsletter that makes you think you have coverage...when in fact you may not have the coverage you think you have. They suggest that you help commit insurance fraud by low-balling your estimated business for the year so you can

get a cheaper price upfront, but because they have auditable policies that can result in huge unexpected payments for you at the end of the policy. They reduce your coverages – not providing limits to adequately protect your business or help you grow your business and don't provide coverage for natural disasters. They don't properly understand the reality of repossession claims and it shows on claim day when you're stuck having to pay for it out of pocket – or face losing your client over it, like many others are currently finding with one major carrier that refuses to pay for transmission related claims or fire losses.

Don't buy into the hype....or

HERE'S HOW IT'LL GO LATER...

Dear Insured...

Please be advised effective MM/DD/YYYY your policy with CheapArse Insurance Company is being non-renewed. As of this date, coverage for your repossession business will no longer be afforded coverage with CheapArse Insurance Company. Please be sure to begin taking the necessary steps to secure insurance coverage elsewhere.

Or Maybe it'll go like this...

Dear Insured....

Please be advised that due to the high costs of claims and lack of profitability in this particular line of coverage, CheapArse Insurance Company will no longer be writing this line of business effective MM/DD/YYYY. We regret any inconvenience that this decision may cause and wish you the best in your future endeavors.

Either way, where does this leave you? ■

MOST VALUABLE EMPLOYEE....EMPLOYEE APPRECIATION.... OCTOBER 2011



This month we received no submissions for the Most Valuable Employee award. Past winners **Jason Wisenbaker** of Southeastern Repossessions, **Kenn Terlaje** of Victor Valley Adjusters, and **Shane Johnson** of Triangle Recovery are alone thus far in their quest for the \$200 gift card to be drawn in early December. Well,

look at it this way guys, your odds just got a bit better.

Nominations for November's Most Valuable Employee are due by November 15th. When you look at your business there has to be someone that you feel is someone you couldn't do without; someone who goes above and beyond, has been with you through thick and thin and goes an extra mile. Or at least someone who does their fair share and meets and sometimes exceeds your expectations. If there's not, then maybe that says something that you should really think about...

If you can't think of one person in your organization that deserves to be recognized on some small level, what type of people are you hiring to represent your business?

Hiring for any business is no easy task. There are those pesky discrimination laws that you can't break, the time and cost of training, the paperwork, the time and energy it takes to find that person that will be a good / long

term fit for your organization. In the repossession industry there are even more factors to keep in mind as you should pay particular attention to that potential employee's attitude and demeanor, if they have a criminal background, their driving records, etc. The repossession industry is not a standard office gig where you have set daytime hours, a cushy, climate controlled, safe office environment; and your dealings with the public aren't always in the most positive set of circumstances.

Here are a couple tips to keep in mind...

"Hire for Personality, Train for Skill" - What this essentially means is hire someone that you can work with, someone that will represent your company and interests the way you want them done, and has the attitude and personality for the job required. From there you can train them for the skill set needed. Many employers, especially in this industry do not like hiring anyone with experience because they do not want that employee to bring their prior employer's bad habits with them.

"A Driver's MVR is his/her resume" - Insurance agents everywhere have heard this statement and pass it on to their insureds as a quick way to remember the importance of the driving record. A potential employee can have all the experience in the world, but if they have a poor MVR that speaks louder than his or her experience ever could. Excuses can be made that repo drivers are on the road more, so it should be expected that they have more violations and accidents, BUT, that is just a way to justify someone's poor driving habits. ■

IT COULD HAPPEN.... AND IT COULD HAPPEN TO YOU!



A claim was recently submitted to our office, we thought you may like to hear about it, since the same thing could happen to any of you!

The repossessed vehicle – a 2010 Lexus RX350

The scenario – the Lexus was put in neutral so it would roll. The driver, once a safe distance

from the debtor's home, stopped to hook the vehicle properly to the tow truck and engaged the parking brake to prevent the vehicle from rolling. The Lexus did in fact roll... into two parked cars; a Mercedes and a Prius, causing damage to all 3 vehicles.

Damages to the repossessed Lexus were first estimated at about \$2700.00 – not too bad; some may say that's getting off cheap for a 2010 Lexus. Damages to the other two vehicles are estimated at about \$9000.00. Had the Lexus already been hooked up to the tow truck and then came off hook – the damages to the other two vehicles would have been tow truck losses (and shown on a separate policy – making both policies loss ratios look a bit better). Now, because it wasn't, all of the damages are the responsibility of the RSIG Master Policy. Still, \$12,000 for 3 damaged vehicles, one being a Lexus and another a Mercedes – still may not look that bad.

Then the call came. The repairs to the Lexus cannot be completed without a key to the vehicle. The member didn't have a key, that's why they had to tow it. The client, a forwarder, wouldn't authorize the ex-

pense for the member to get a key or provide a key code because they were going to have it done later...at the auction. Now the Lexus can't be repaired without it. Who's responsibility is it to provide the key? BTW did we mention it's not just a key...it's a key and the computer that goes along with it, another \$2000 expense at this point.

The insurance company is willing to fix the car, there's no question about that here. But neither the key nor the computer were damaged in the incident; why should they replace the key and computer? Well, if the insurance company doesn't do it...someone has to or the repo company loses the client and countless future repossession assignments. The insurance company's responsibility is to repair the damages to the vehicle, but the key and computer weren't damaged... now what? The claim adjuster says No, we're not responsible for the key and computer. This No, would not be unique to our insurance company, any general liability policy would agree that there's no coverage for something that wasn't damaged in the accident.

RSIG successfully argued for our member that the key and computer should be replaced so that the repairs could be completed; possibly saving this member their client and ensuring the client's relationship with the rest of the RSIG members would not be jeopardized.

An agent for independent policy holders may not have the knowledge and understanding of the industry to know that the denial of this type of claim could put a repossession company out of the business overnight. They also may not have the relationship and leverage with the insurance company that RSIG has and be able to communicate directly with underwriters and claim managers to overrule prior decisions and get things done. ■

GIVING BACK



It is very rare that the Recovery Agents Benefit Fund receives any sort of donation from anyone in the lending community. That is why it is with immense gratitude that we thank LEAP Auto Loans Inc. of San Diego, CA for their \$1000.00 to the RABF.

Kyle Kolsky, Vice President of Business Development, recently advised

the RABF that they will be making this donation on the behalf of their Top 10 referring agents. A listing of those Top 10 agents will be available the first week of November on the RABF website, www.recoveryagentsbenefitfund.org.

For those who may not be familiar with LEAP, they are a solution for debtors who are unable to obtain traditional financing in the standard

markets because of the tight credit restrictions and for lenders who may feel they have exercised most of their other options. LEAP is often able to ensure the lender is paid for the vehicle and the debtor is able to refinance directly with LEAP. In addition to direct mail, internet, radio and television advertising, LEAP has partnered with repossession companies nationwide to promote their service and rewards repossession companies with cash for applications received and regular contests for other prizes. For more information on becoming a LEAP Partner feel free to visit their website at www.leapauto loans.com or call Kyle directly, 858-222-8195.

The RABF again thanks LEAP for their most generous donation and hope it's just the first of many. ■



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. ■