

RECOVERY SPECIALIST INSURANCE GROUP

NEWS

November 2006

Save the Date!

Join us at 2007
Annual Safety
Seminar!

**June
20-22, 2007**

**Additional
information
regarding
location will
be coming out
soon!**

**Upcoming
Change to the
California
Recovery Act**

See Page 3

Representing You!

Recovery Specialist Insurance Group just recently attended the Auto Finance Summit meeting held last week in Las Vegas, Nevada. Financial institutions represented at the Summit included AmeriCredit, Bank of America, BMW Financial, Capital One Auto Finance, Center One Financial Services, Chase Auto Finance, Citizens Bank, Daimler Chrysler Financial Services, Drive Financial, GMAC, Harley Davidson Financial Services, Honda Financial, HSBC Auto Finance, Nissan Motor Acceptance Corp., Regional Acceptance, Toyota Financial Services, Triad Financial, Wells Fargo Auto Finance, WFS Financial and many others.

As exhibitor attendees we were provided with the opportunity to speak with high level financial institution representatives to discuss the repossession industry, repossession insurance, the importance of education and training and the benefits of working with experienced, professional and insured repossession agencies.

While this meeting did not give the opportunity to corner industry executives and change their minds on issues like contingent assignments, the use of forwarding companies and demands for high excess limits, it keeps the door open for future discussions regarding these issues.

We had discussions with many lenders about coming to their facilities and presenting the Repossession Certification Course to their collection departments. Educating the collectors is just another step towards further professionalizing the industry, rather than having lenders demand that you just get the car through any means necessary.

“There Aught 2 B A Law”

Quite often at a meeting of repossessors or on a web site someone will ask: “Why not work together to pass a federal law on repossessions?” The simple answer is that repossessions are a state’s rights issue and not a federal law issue. The likelihood of such a law, even if constitutional, is very limited.

Besides the major hurdle of states rights, there are already many federal laws that place restrictions on repossessors, FDCPA, FCRA, and GLB to name a few. And with all the national attention and the criminal charges involving the Hewlett Packard Board of Directors, we will most likely see more laws in the spring. If you have not been following the Hewlett Packard case, it involves hiring someone to obtain the phone records of other members of their Board of Directors so they could find out who was talking to the press about Hewlett Packard’s business. While State criminal charges have already been filed for obtaining this telephone information, it appears no federal law was broken. *(Cont. pg. 2)*

There Aught 2 B A Law

(cont., from pg 1)

But rest assured changes are on the way.

Not to be out done, the states continue to remain active creating new laws for repossessionors and their clients. Some of these laws are good (see “Supporting the work of the Associations” in this newsletter) and some of them are not quite what those who supported them thought they were going to be.

Some examples of recent state laws with an effect on our industry:

Wisconsin: new self-help law that went into effect in April.

Illinois: new requirement that debtors be given a one time right to cure after self-help repossession has occurred.

Louisiana: requirement that all licensed repossessionors complete their annual educational requirements.

Texas: once again taking a look at licensing repossessionors.

The importance of being aware of and prepared for these new laws is one of the focuses of Recovery Specialist Insurance Group. We are currently working with Louisiana and Texas in regard to their laws and will continue to be a source for our members and their clients as well as the industry as a whole on changes and case law interpretations of the law.

More than Insurance - An affiliation you should be proud of!

Recovery Specialists Insurance Group (RSIG) is a not-for-profit Insurance Group organized under federal law for the purpose of obtaining and maintaining insurance coverage for Independent Repossession Agencies. Membership in RSIG is based on underwriting and experience. The advantages for those who qualify include professional risk management, a free Accidental Death and Dismemberment policy for members and their employees, security from policy cancellation due to a single claim, continuing education and the prestige of membership in the industry's largest and most respected organization.

It is true that you may be able to find cheaper insurance elsewhere. We don't necessarily like to spell it out to you that way, but in all reality, in some cases it is true, like everything else, that you could find lower cost insurance. That coverage may even be through a very reputable carrier, but CHEAPER isn't always BETTER in the long run. Understanding repossession coverage and YOUR industry can't be found everywhere.

Many other insurance agencies and carriers have learned this costly lesson and now no longer write repossession insurance. And repossession agencies who have succumbed to the cheap offers also have learned this costly lesson and found themselves without insurance once these other agencies and carriers exited the market. But RSIG is still here – almost 20 years now.

RSIG is still here because of the loyalty and forward thinking of its membership, Board of Directors, management and administrative staff. RSIG members are tempted with offers of lower insurance rates everyday...anytime a new insurance agency or carrier thinks they have found a way to build a better mousetrap. However, until those agencies really start looking out for the benefit of the repossession industry rather than building a quick book of business with lower rates only to line their pockets, you will continue to struggle with the ebbs and flows of the whims of the insurance carriers testing various markets for profitability.

Recovery Specialist Insurance Group is more than a source for insurance; we are an advocate for professionals in the industry. As a Not-For-Profit organization, the profits that we make are funneled back into the membership, translating to risk management, the directory, industry representation at meetings like the Auto Finance Summit and education and training for repossessionors and their clients.

Supporting the Work of the Associations

Representatives of RSIG recently attended the California Licensed Repossessors Associations (CALR) meeting in Sacramento. CALR is the oldest and most active state trade association in the industry. As a proactive association they keep abreast of legislation and actively promote changes to the California law. This year is no different. CALR is responsible for four changes in the California Code that will go into effect in 2007.

Of the four changes one of particular interest was the change in the law concerning personal property located in or attached to the collateral. In California this type of personal property is referred to as “personal effects.” Personal effects too often become an issue after a repossession occurs. It is often alleged that property taken during the repossession should have been or was not returned to the owner of that property.

Starting January 1st 2007 the changes to the California Recovery Act will go into effect. The changes to the statute are underlined below:

7507.9 Personal effects shall be removed from the collateral, including any personal effect that is mounted but detachable from the collateral by a release mechanism. A complete and accurate inventory of the personal effects shall be made, and the personal effects shall be labeled and stored by the licensee for a minimum of 60 days in a secure manner, except those personal effects removed by or in the presence of the debtor or the party in possession of the collateral at the time of the repossession. If the licensee or the licensee’s agent cannot determine whether the property attached to the collateral is a personal effect or a part of the collateral, then that fact shall be noted on the inventory and the licensee or agent shall not be obligated to remove the item from the collateral, unless the item can be removed without the use of tools, in which case it shall be removed and inventoried. The licensee or the licensee’s agent shall notify the debtor that if the debtor takes the position that an item is a personal effect, then the debtor shall contact the legal owner to resolve the issue.

The new law protects the reposessor from problems when a debtor or a secured party claim that items attached to the repossessed collateral belong to them and not the lender who assigned the account for repossession. To be protected under the statute the reposessor must complete an accurate inventory and list any property attached to the collateral that may not be covered by the client’s security agreement on the completed personal property inventory. By listing all items that appear to have been attached to the collateral after it was purchased, the debtor and your client must resolve the ownership interest, not you.

As a point of interest there is a reference in the statute to the “legal owner” in most states the debtor is the owner of the vehicle and the lender (Secured Party) holds a security interest as a lien holder. California defines legal owner by statute as:

A “**legal owner**” is a person holding a security interest in a vehicle which is subject to the provisions of the Uniform Commercial Code, or the lessor of a vehicle to the State or to any county, city, district, or political subdivision of the State, or to the United States, under a lease, lease-sale, or rental-purchase agreement which grants possession of the vehicle to the lessee for a period of 30 consecutive days or more.

With the exception of the terms “personal effects” and “legal owner” the new California statute would be a good model for any state wishing to implement a law that provides reposseors with a solution to choosing between a debtor suing and a client threatening to stop sending you accounts.

And the Winner is...

RSIG member Mark Wolnowski of Silver Shadow Recovery in Michigan! At the California Association of Licensed Recovery Agents (CALR) meeting held just last week, Mark Wolnowski won a Tow-Boom rigged golf cart that RSIG donated to CALR for a raffle. The proceeds of the raffle are being split 50/50 between CALR and the Recovery Agents Memorial Fund.



CALR will be using its portion to fund a \$10,000 Accidental Death and Dismemberment policy for their members and their employees. The Recovery Agents Memorial Fund will use its proceeds to assist recovery agents families in their times of need.

The Recovery Agent's Memorial Fund was put in place by RSIG four years ago when a pressing need became apparent. In a time of emergency and need, many in the industry or family members find themselves in financial difficulties. The Recovery Agent's Memorial Fund has stepped up as the need arises, providing funeral expenses and other assistance as well as helping repossessors that were negatively affected by hurricane Katrina. Assistance from the Memorial Fund is available to anyone in the repossession industry and is not restricted to the RSIG membership.

Mark who claims to have never won anything in his life purchased his raffle tickets at RSIG's 2006 Annual Seminar, not expecting to win, but to support the efforts of the memorial fund. After experiencing first hand what the memorial fund does after the death of one of his employee in 2002, Mark found it only fitting to support the Recovery Agents Memorial Fund by participating in the raffle. Congratulations Mark and thanks for your support of a very worthy cause.

IG, Inc./RSIG
10440 Balls Ford Rd.
Ste. 260
Manassas, VA 20109