

It's all about the Benjamin's!

Tips, tricks and tactics for reducing earned audit premiums and improving the bottom line.

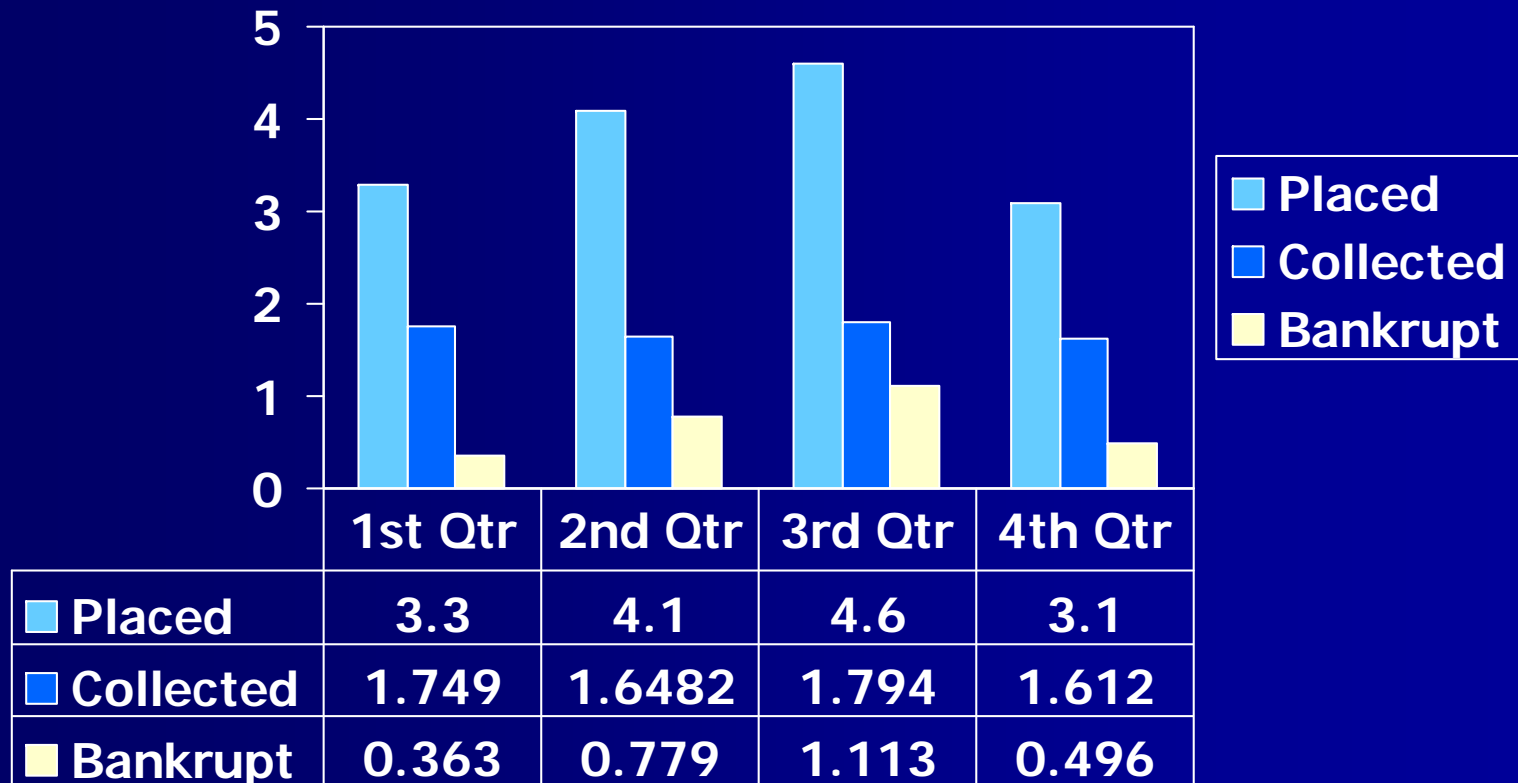
Background

- Steele Campbell, VP, Campbell Hightower & Adams
- 20 year commercial collection firm specializing in recovery of insurance related debts
- Former premium auditor, agent/broker

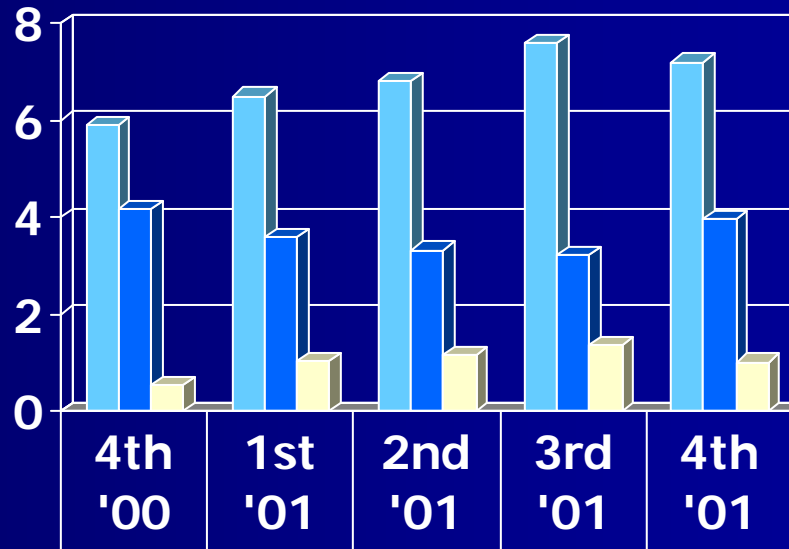
Predicting the economy

- We can tell you 6 to 8 months prior to any governmental confirmation of slowing economy, why?
- Same hold true for an improving economy
- Where are we at now?
- How bad is this in comparison to other times?

Historical trends 1990

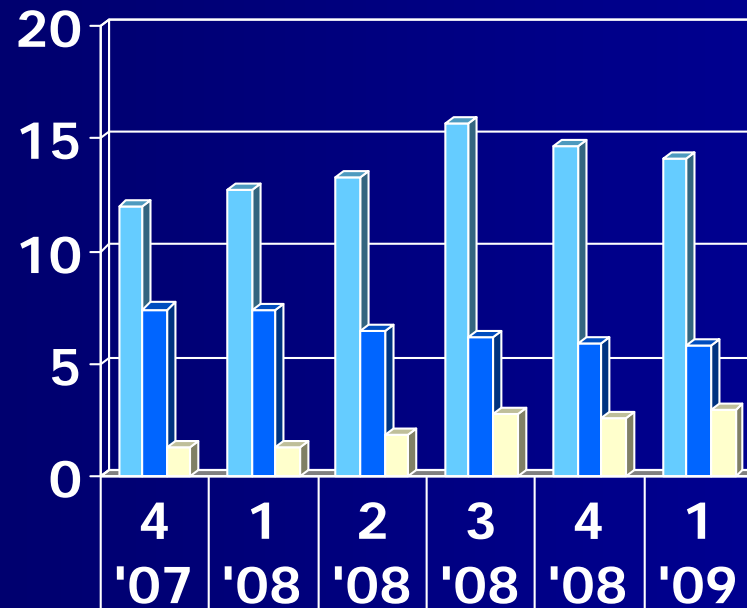


Historical trends 2001



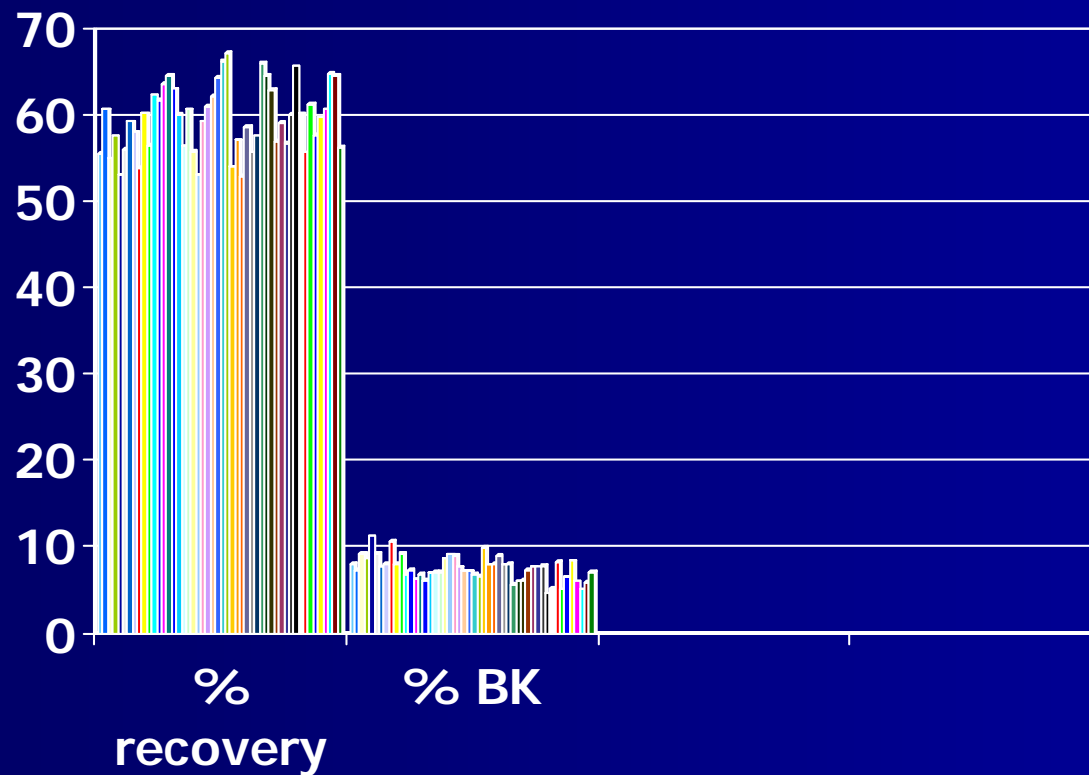
Placed	5.9	6.5	6.8	7.6	7.2
Collected	4.16	3.58	3.32	3.21	3.96
Bankrupt	0.52	1.04	1.15	1.37	1.01

Current situation



■ Placed	12	13	13	16	15	14
■ Collected	7.4	7.4	6.5	6.2	5.9	5.8
■ Bankrupt	1.3	1.3	1.9	2.8	2.6	2.9

Collection results by state



- AL
- AK
- AZ
- AR
- CA
- CO
- CT
- DE
- FL
- GA
- HI
- ID
- IL
- IN
- IA
- KS
- KY
- LA
- MA
- MD
- ME
- MI
- MN
- MO
- MS
- MT
- NC
- ND
- NE
- NH
- NJ
- NM
- NV
- NY
- OH
- OK
- OR
- PA
- RI
- SC
- SD
- TN
- TX
- UT
- VA
- VT
- WA
- WI
- WY

Low recovery states

- California
- Nevada
- Florida
- Texas
- North Carolina
- New York

Highest recovery states

- Midwest
- Mountain states
- Great Plains
- Mid Atlantic

Areas of high placement

- California
- Nevada
- Arizona
- Texas
- Florida
- Greater New York City Metroplex

Near Future Outlook

- Continued high bankruptcy/out of business rate
- Lack of confidence in debtor's future regarding the next 6 to 8 months
- Historically this is the worst in our firms 20 years by % recovery

How to improve before expiration of policy?

- With application for new insurance copy of most recent P&L and 941
- Mid term insured questionnaire on finances
- Certificates of insurance, a sure sign of increased business activity

Improve after expiration

- Premium adjustment statement how to improve, examples.
- Past due demand from company attorney's office
- Demand letter with reference to outside collection activity and consequences

Why is insurance so hard to collect on?

- Financial intangible
- No personal guarantee's
- Easy to low ball premium basis
- Horse is already out of the barn scenario
- Distaste for insurance companies in general by public

Past due unpaid debt now what to do?

- Communicate with insured
- Ask for documents if claim of poverty
- Offer settlement
- Get agent/broker to assist in communications with insured
- Third party referral

Third party collections

- FDCPA, what's that?
- FCRA, what's that?
- Commercial collections Vs. Consumer is there a difference?
- Trust but verify
- Off shoring

Payment plans & settlements

- Both on the increase
- Settlements might be a wiser choice than payment plans now
- Difference in settlement %'s in a good economy Vs. poor economy
- Payment plan default ratio on the rise

The courts

- Suit on an unpaid audit balance is breach of contract
- When to sue?
- Why can't we sue the officers/members personally
- Bankruptcy, the ins and outs

Information on debtor's where to find it?

- County recorder's office
- Secretary of state
- Courts
- Google
- Lexis/Nexis
- D&B, Experian, Accurint

Thank you for the chance to speak today PAAS

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