

THE NEW AGE OF BAIL

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Lucy: Do you think anybody ever really changes?

Linus: I've changed a lot in the last year.

Lucy: I mean for the better. —Charles Schultz

INTRODUCTION

A wind of change is blowing through our industry and some would say it is not for the better.

In business, as in life, we have a tendency to become set in our ways. However, any time the level of necessity exceeds personal comfort, people will embrace change, not because they see the light, but rather because they feel the heat.

The purpose of this paper is to identify some of the changes and potential dangers facing the bail industry today as well as offer some possible solutions.

IDENTIFYING THE PROBLEMS

The new age of bail can be addressed by the following five trends:

1. The Immigration Phenomenon

There are approximately twelve million illegal immigrants in this country with an excess of 100,000 per month still arriving undetected. With staggering numbers like this continuing to rise, it has become nearly impossible to fully protect our borders from illegal infiltration. San Diego illustrates this grim fact alone. Last year, San Diego Border Patrol caught 126,910 illegal immigrants. That seems like a large number until one considers that in 1986, when enforcement of the borders was much stronger, those caught entering numbered 629,650. Every year more immigrants attempt to cross into the United States illegally and fewer are being caught. California is not even the most active crossing area; Arizona is estimated to be responsible for half of all illegal crossings in the United States.

While it is true that immigration reform measures are hotly debated in Washington, even the most casual observer of that process knows that no matter what may ultimately come of those deliberations, the effect will be little, if any.

This paper advocates no position relative to immigration. Its only purpose is to make the point that the number of immigrants in this country, illegal or otherwise, is growing and will continue to do so. In turn, the number of persons needing bail will inevitably grow.

2. The Decrease in Number of Bonds Written

For a number of years, there has been concern that too many new agents are entering an already crowded industry. An inherent problem has revealed itself as an increasing number of bail agents want a piece of a shrinking bail bond pie.

Most of the nation's law enforcement agencies (over 17,000 of them) along with the FBI report their crime statistics each year to the National Uniform Crime Reporting Program. The data compiled concludes that the number of nationwide arrests is decreasing by slightly over two percent each year. There are various theories as to what accounts for this decreasing crime rate. Some proclaim crime is not down, but rather the number of formal arrests is. Others believe the introduction of new technology, better training, and the elevated professionalism of peace officers is the reason crime is being reduced.

Whatever the cause may be, the effect is clear: There are increasingly fewer bonds in the marketplace. And to make matters worse, out of the decreasing number of arrests being made, bail is still competing with other avenues of release like own recognizance, pre-trial release agencies, and deposit bail.

The bail bond pie is shrinking in more ways than one.

3. The Increase in Individual Bond Amounts

As I'm sure many of you already know, AIA is the nation's oldest and largest underwriters of bail. Since we are directly involved with many of the nationwide numbers, we are privy to development statistics across the country. From all our underwriters, I'm being told that more and more large bonds are being submitted for approval. In just the last year and a half alone, I have seen a dramatic increase in the number of bonds in excess of \$500,000, and it is not all that unusual any more to see submissions of \$1,000,000 bonds and higher. Obviously this changes the dynamics of the game.

Just as there are various theories as to why the national crime rate is on the decrease, there are numerous attempts at explaining why individual bond amounts are on the increase. The most popular theory points out that the setting of bail has become increasingly politicized, especially jurisdictions where judges are elected. Setting high bails can be promoted by judicial candidates as "getting tough on crime."

The bottom line is bonds reported of \$100,000 or more have increased significantly over the last twelve months.

4. The Steady Spread of Price-Cutting

Webster's definition of cancer is: "A malignant tumor that spreads locally and then to distant parts of the body." Price-cutting is a form of cancer in the bail industry. And, just like when cancer spreads, price-cutting leaves behind pockets of inertia where life is no longer present.

How does this happen? Cancer starts as a seemingly harmless presence just like the new bail guy moving in across the street with a Yellow Pages ad that reads, "Best Prices in Town!" No One Sells Cheaper!" They seem like harmless words at first. After all, you've been around longer and have more experience, right? Wrong. Today's bail

bond customer shops around just like any other consumer marketplace. And with the United State's economy in a tailspin, everybody is looking for a deal.

The price-cutting sickness has reached epidemic proportions in the bail profession.

5. The Bail Bond Super Stores

Why go to a grocer, a barbershop, an eye-glass merchant and a clothing outlet when you can do it all in one place? Welcome to the age of the super store.

As the popularity and commercial success of the super store spreads across virtually every landscape putting small mom and pop shops out of business in its wake, it's only natural to wonder: Can these new super stores affect the local bail agent too?

It can and I suspect many of us have seen it happen already.

IDENTIFYING THE SOLUTIONS

We have been discussing five major trends here which seem to be ushering a significant change. The question is thus begged: Can one do anything about it?

AIA believes there is an answer, and although it may not be easy, it is nevertheless simple and effective: Service, service, and more service.

1. The Immigration Phenomenon

Since the overwhelming majority of illegal immigrants entering the United States are of Spanish speaking decent, today's bail writer would be wise to alter business in the following ways:

- Hiring a bi-lingual customer representative. Between the bail office and the Hispanic community there has to be a bridge, and this person becomes its strongest pillar.
- Reaching out to bi-lingual lawyers. A bi-lingual customer representative can assist in preparing a letter conveying the message that the bail office and its staff are committed to giving the very best possible service to the Hispanic attorney as well as his or her community.
- Advertise accordingly. Find ways to make this appeal not just to lawyers but also to the Hispanic community. A good starting place always seems to be the announcement in any ad work that Spanish is spoken in the office.

The things that human beings care about do not change much from culture to culture. Being treated with dignity, care and respect will not only bring the Spanish-speaking customer back if the need arises, but it will also cause that customer to become the office's goodwill ambassador amongst the community.

2. The Decrease in Number of Bonds Written

If the statistics are true and the number of available bonds is becoming less, then the obvious question for the local bail agent is: How can I get more of this less?

- Advertise. One thing we observe among our agents is the ones increasing their market share are those who advertise and recognize the necessity for it. In good times businessmen want to advertise; in bad times they have to.
- Advertise intelligently and effectively. Before you decide to make the investment (advertising can be costly), make sure you are doing it right. Be concise. Hit all of your points quickly and in the most effective manner. Someone once wrote that doing business without advertising is like winking at a girl in the dark. You know what you're doing, but nobody else does. In turn, bad advertising has the potential to be as problematic as no advertising.

3. The Increase in Individual Bond Amounts

The day is sure to come when the smart operator will write fewer units and make more money, and safely too.

- This is where service counts. A true bail bond artisan is an agent who can put a large bond together while making the customer truly believe they have a friend in this troublesome time. Working closely with the defense attorney can get them to arrive at the same conclusion.
- Don't shy away from the big ones. If bails are going to get bigger and bigger (and they are), rather than being afraid of them, learn how to write them.
- Utilize the expertise made available. Large bond underwriters at AIA are 100% committed to the notion that our main job is not to simply evaluate the bond on first call and give a thumbs up or thumbs down. Our first obligation is to help the agent get the bond into such a commercially reasonable condition that the answer can be "yes." We have underwriters who have been doing this for almost forty years and five very competent bail attorneys on staff ready to work with agents. We have technology giving us immediate status as to property ownership and equity position and it is extremely rare for us to be presented a picture we haven't seen before.

4. The Steady Spread of Price-Cutting

When trying to survive amidst a bunch of cost-cutting competitors, exceptional service shines like a new penny. People intuitively know who the good guys are by reputation and word of mouth. So if you can maintain that you are one of the good guys, often times cost can take a back seat to service.

- The very first contact is the most critical. This means the telephone. But remember, the way the phone is answered is extremely important to how a potential customer will respond to your business. Encourage them to believe that they will be treated cordially each and every time they communicate with you,

and they will be more inclined to not only give you their business, but recommend you to friends and family.

- Let me tell you a story. We had just signed a brand new agent in Houston, and I made it a point to go by and say hello the next time I was in town. After waiting in the lobby of his offices to talk with him, I found myself very impressed by what I had seen and heard from his customer reps. I commented how lucky he was to have such a good front office staff. He told me that it wasn't luck, but rather explained how he personally sat with the receptionist every day for six weeks and trained her carefully on what to say and how to say it. He spent another two months side-by-side with each customer rep, teaching them the specific way to handle the treatment of the customer. He then summed up his business mission statement by saying, "Our plan is to take the embarrassment and discomfort out of bail." I've watched this agent's operation for years now. He doesn't worry about the price cutters. They worry about him.

5. The Bail Bond Super Stores

How do I compete with the bail bond super store with infinite resources? You may not be able to outspend them, but you can out-service them. Often times, the bigger the company is, the less personal interaction a customer receives. This is where the little guy has the edge. Rather than focus on trying to beat them at their game - spending, exploit their weaknesses by playing up your strengths - customer service.

In American commerce, there are three levels of exchange: 1) "out-exchange" – where a customer pays for more than they get; 2) "even-exchange" – where a customer gets exactly what they pay for; and finally 3) "exchange in abundance" – where the customer gets more than they pay for.

The bail bond superstore operates an "even exchange," at best. You have to be willing and able to give customers "exchange in abundance." This is how the local bail agent prospers in the shadow of the bail bond superstore.

CONCLUSION

If a local bail writer is threatened by the troublesome trends prevalent in this new age of bail bonding, it seems that the best response is simply to out-service the competition. AIA's dedicated purpose is to empower its agents to do just that.