

BAIL: A NO FREE LUNCH BUSINESS

By: Jerry Watson, AIA Chief Legal Officer

THE BAIL FREELOADER SYNDROME

None of us are naïve. We all understand that danger exists in our industry and, over the years, I've made it my mission to identify these potential risks.

I used to believe the proliferation of taxpayer funded bail programs would eventually do us in. I once thought bad public relations and the general misconceptions of how the community views our business were our worst enemies. Yet another time I was convinced that our industry's internal bickering and jealousy would be our Achilles heel because as the saying goes, "A house divided against itself cannot stand."

But today, I believe there is a far more ominous threat to the future well-being of our profession. I call it "The Freeloader Syndrome."

DEFINITION OF "FREELOADER"

A freeloader is someone who knowingly takes a free ride at the expense of others.

For example: Someone who frequently joins you for lunch, but always sticks you with the check, is a freeloader. In turn, an insurance company that continually takes a premium out of the bail marketplace but does not put a significant portion of that money back into the preservation of the industry, is also a freeloader.

THE FREELOADER MARKETING PLOY

The freeloader surety company does not just take something for nothing; instead, they market against the ones who protect us all.

Here is how it works: Company A charges \$15.00 for paper and donates 20% of their net profits (\$3.00) back into programs that support the industry. Company B charges \$13.00 for their paper, but contributes nothing. On the consumer level, why would you pay Company A \$15.00 when Company B has a similar product for \$13.00? After all, paper is paper. Even though Company B boasts about cheaper prices, they are actually the ones inflating profit due to a freeloading mentality that hurts Company A and, more importantly, the industry as a whole. Without Company A around who is going to preserve the future of the industry?

NO CHEAP PAPER

There is no such thing as cheap paper – just cheap companies.

The fact is it takes a certain amount of money each year to keep potentially harmful legislation off the backs of the bail industry. Most of that money is put up by a small handful of bail

insurance companies. The non-contributing companies get just as much benefit from that investment as the small handful does, yet they insist on freeloading.

“Why should I kick in? I get as much benefit as they do and it costs me nothing.”

Although the above statement may ring true, ask yourself this: where would we be today if the few companies who continually pick up the lion’s share of preservation costs did not do so? On our way out, that’s where.

If we continue to support these freeloading companies, the bail industry may see a day where cheap paper doesn’t save us any money, but rather costs us everything.

THE AGENT IS RESPONSIBLE

If we want to stop "The Freeloader Syndrome," it all begins with the agent. If the agent decides not to purchase this so-called cheap paper, the freeloader would disappear by either going out of business or contributing. And our industry would be safe again.

Every bail agent in America should demand to know what their surety is doing to keep the future of their agency safe. And if that company refuses, or they can’t show you, put your business in the hands of another surety who will support the future of bail. Because, ultimately, when you support a freeloading business by buying their products, you are not only hurting the profession as a whole, but you are also crippling the companies who put the money forward. And if the ones keeping the American Bail System safe go under, there will be no one left to protect us from harmful legislation and the ever-changing judicial landscape.

Just know that we can overcome any obstacle in our path as long as we all operate in a manner fair to ourselves and, above all, to each other.