TheBiz

CREDIT & COLLECTION NEWS

Collecting America's debt since 1930!

Est. 1930

Volume 6 Issue 4 | Caine & Weiner Newsletter | 4th Quarter 2006


Los Angeles


Chicago


Louisville


Buffalo


Tampa

Inside this issue:

Caine & Weiner: On the Move!

Corporate Headquarters to Relocate to Woodland Hills

Van Nuys, CA The domestic and International demand for the credit and collection resources offered by Caine & Weiner, has made it necessary for its managers to add team members in all departments.

To provide the expanded teams with an optimal work environment, the corporate office, headquartered in Van Nuys is relocating to Warner Center in Woodland Hills on January 19th, 2007

"Our continued growth eventually caught up with us", said Greg Cohen, Caine & Weiner's President & COO, "With 97 team members on board, we simply outgrew the Van Nuys site which we have occupied for over a decade.

Caine & Weiner which also has collection centers in Chicago, Louisville, Buffalo and Tampa has a national workforce of 147 team members.

In deciding to locate to Warner Center several factors were considered: scalability for projected growth, an upscale business park location, visitor convenience, access to public transportation and other considerations. With its spacious 14,000 square foot custom-designed layout, ergonomically designed work stations, thematic décor, state-of-the-art computer network and other enhancements, the new headquarters provides the optimal environment for Caine & Weiner's team of tenured professionals.

"We look forward to moving into our new office", said Cohen, "and would be delighted to have our clients and strategic partners visit us."

Caine & Weiner
21210 Erwin Street
Woodland Hills, Ca 91367
818-226-6000
818-226-6010 Fax
www.caine-weiner.com

Effective January 21, 2007

Rising Debt, Stress Ensnare Twentysomethings

In an effort to be known for something more than bad grammar, poor fashion and an utter lack of irony, today's generation of 20-somethings are trying to leave their mark by being the Debt Generation.

Nearly two-thirds of people in their 20's carry some debt and those with debt have taken on more in the past five years, according to an analyst of the credit records of 3-million 20-somethings that Experian, the credit-reporting agency did for *USA Today.* Their late payments are rising and they are more likely to be late than other Americans are.

Although the percentage of people ages 22 to 29 with debt has declined, those with debt are making up for those without. Their total debt is up 10 percent, to an average $12,120 as of August 1st compared with five years earlier.

The 20-something generation isn't finding a lot of sympathy with the Boomer Generation who see 20-somethings debt levels as a result of instant gratification.

New Credit Account Rate Declines

The results of a recent study show a 16.9 percent decline from 2001 to 2006 in the rate at which consumers are opening new credit accounts and a 12.6 percent increase in the rate at which payments of 90 days or more are increasing. According to Experian Consumer Direct's study, the national average credit score is 675, seven points lower from 2001, when it was 682.

The rate of consumers opening new accounts including installment loans (i.e., auto and student loans), in 2006 has fallen to 41.0 percent from 49.3 percent in 2001. The rate at which consumers were 90 days or more late in payments increased 12.6 percent from 2001 (39.6 percent) to 2006 (44.6 percent).

"The drop in the rate of consumers opening new accounts in 2006 may give the appearance that they are being more conservative with regard to using credit", said Ty Taylor, president of Experian Consumer Direct. "Although our data", he said "shows a drop in the rate of consumers opening bank credit cards, it also shows that their balances on other types of loans are increasing."

Do you have business news or something compelling to report?

Please Email Frank Draper at frank.draper@caine-weiner.com

U.S. Corporate Bankruptcies Predicted to Rise in 2007

Washington—Global Insight, the world's leading company for economic and financial analysis and forecasting, announced today that U.S. corporate bankruptcies are expected to increase by 17% in 2007, after falling an estimated 20% in 2006. The majority of these increases are expected to occur in the metals, mining, and energy sectors, as well as in real estate and closely related industries, such as mortgage banking and residential construction.

The fallout from declining real estate markets will also affect areas of the financial sector, such as regional banks and mortgage-related institutions that have large exposure to the real estate markets, real estate brokers, and developers. The banking sector overall will be supported by continued economic expansion, albeit at a slower pace, and reasonably strong financial asset markets. Nonetheless, there are growing pressures from an inverted yield curve and stiff competition for loans and deposits. Further, the growth rate of demand for new loans is expected to slow in both consumer and commercial credit in 2007.

Within the industrial sector, the machine tools industry is vulnerable to slowing domestic growth and a weak domestic automotive industry. Building materials and related chemicals industries are vulnerable to an adverse construction sector, while the U.S. textiles industry continues to see deadly competition from foreign suppliers.

The greatest improvement in credit quality in 2007 is expected to be in the telecommunication, utilities, insurance, and healthcare sectors. Strong growth in profits and free cash flow contribute to the improvement in telecommunication services' credit quality. Real revenue growth and profitability are high in comparison to other sectors, driven by strong wireless growth.

Additionally, there is a wave of industry consolidation that is coinciding with improving pricing conditions, aggressive cost cutting, and a positive regulatory environment. The healthcare sector, in general, is also expected to fare relatively well, due in part to its defensive, non-cyclical characteristics and driven by its robust prospects for future earnings growth due to positive demographics, new technology, and pricing power. The insurance sector will benefit from fewer natural disasters in 2006, such as hurricanes, reasonably strong asset markets, and robust demand for products. In addition, the industry's pricing power remains strong, although it has slowed from previous years.

Among those industries that are already rated as being in a high-risk category, several are expected to show improvement in 2007, including motor vehicles and parts, watches and clocks, and computing hardware. While these industries had previously seen declines in credit quality, in 2007, they are expected to stabilize and even show a slight improvement over 2006

Global Insight's Sector Risk Ratings are produced as part of their World Industry Service and are updated quarterly. These risk ratings are designed to assist credit analysts and asset managers.

Hospitals Toning Down Debt Collection Practices

More and more hospitals are making the pledge not to aggressively take out patients who fall behind on their medical bills. Instead, hospitals are going to try forgoing such drastic tactics as slapping liens on patients' homes, seizing their bank accounts, and arresting debtors who fail to appear for court hearings for more holistic approaches like financial counseling.

According to a report by the Research Group of Kaulkin Ginsberg Company, the parent company of Kaulkin Media, the companies most likely to succeed in this market overtime are the ones that emphasize empathetic and patient-friendly collection processes, invest in collector-training programs and integrate legal compliance efforts thoroughly with collection operations.

Why the switch to kinder, gentler hospital billing departments? It's not entirely altruistic. As the report further details, "Aggressive collection tactics can place a health-care provider in jeopardy of alienating both existing patients and prospective customers. Moreover, a negative reputation can severely impact a health-care company's financial performance."

Unpaid health care bills are an important issue for consumers, because if others can't pay, everyone ends up paying in the form of rising health care costs.

The challenge for health care companies is to balance the need to collect unpaid bills against maintaining positive community reputations.

"In the last ten years, there have been 10 million Americans added to the rolls of the uninsured, and hospitals are taking notice by asking if they can further help folks in their communities? Are there ways they can do things better to reach more people?"

Towards this image of rehabilitation, the American Hospital Association released a set of guidelines in 2003 on hospital billing and collection practices.

The guidelines include communicating more effectively with patients about payment programs, helping patients qualify for existing coverage options, making care more affordable for patients with limited means, and ensuring "fair and balanced billing and collection practices."

"We put out the guidelines after a lot of conversation within the field to reflect where the field stood, and we asked hospitals to take a look at the guidelines and to look at confirmation of those commitments," Alicia Mitchell, spokeswoman for the American Hospital Association, told the *Dallas Morning News*. "The majority of hospitals have done that."

Such steps make good business sense, and the hospital industry has been sure to convey that message to the debt collectors it hires. "Over the years, a lot of that has been done by outside companies, so we asked hospitals to take a look at the companies and to make sure that their policies and procedures reflected the mission of the hospital," Mitchell said.

Mortgage Rates Fall to 14-Month Low

Mortgage rates remain in freefall with the average 30-year fixed rate mortgage falling to 6.08 percent, the lowest since Oct. 2005. According to Bankrate.com's weekly national survey of large lenders. The 30-year fixed rate mortgages had an average of 0.25 discount and origination points. Fixed mortgage rates have now fallen for four consecutive weeks and five of the past six.

The average 15-year fixed rate mortgage, popular for refinancing, retreated to 5.83 percent. On larger loans, the average jumbo 30-year fixed rate slid to 6.36 percent. Adjustable rate mortgages got in on the act as well. The average 5/1 adjustable rate mortgage dropped below the six percent mark to 5.95 percent and the average one-year ARM inched lower to 5.88 percent.

Fixed mortgage rates are sharply lower than five months ago, when rates were flirting with 7 percent. At that time, the average 30-year fixed mortgage rate peaked at 6.93 percent, meaning that the monthly payment on a loan of $165,000 was $1,090. With the average 30-year fixed rate now 6.08 percent, the same loan originated today would carry a monthly payment of $997.76.

Fixed mortgage rates are a compelling refinancing alternative for adjustable rate borrowers facing sharp payment adjustments.

Los Angeles
818-908-2121

Chicago
866-467-5640

Louisville
866-422-4115

Buffalo
716-633-0235

Tampa
866-499-2575

www.caine-weiner.com

TheBiz

The Biz is published quarterly by Caine & Weiner to provide our clients and business partners with industry news and credit/collection information.

Information contained in The Biz is acquired from a wide range of sources.

Comments or questions can be directed to the editor.

President & COO

Greg A. Cohen

President-Central US

William J. Vallecorse

Editor & Vice President-Marketing

Frank Draper

Est. 1930

Client satisfaction is our highest priority!

Caine & Weiner is an international accounts receivable management company that provides commercial and retail credit & collection services to the global business community.

Established in 1930 by Sidney Caine and Charles Weiner the firm has offices strategically located across the country to service its 3,500 clients.

Bill Lovitt: Regional Director-North America Global Credit Solutions

Van Nuys, CA—Bill Lovitt, Caine & Weiner's Senior Vice President-Client Services, was recently selected by Global Credit Solutions (GCS), a Melbourne Australia-based International provider of risk management services, to be their Regional Director for North America.

Caine & Weiner is one of 70 consortium partners in the GCS network, who represent every major country in the world.

The partners, consisting of collection and risk management organizations across the globe, work together to protect and collect the receivables for their respective clients. As such each GCS office provides local and regional expertise in the language, culture, customs, rules and regulations of their respective countries.

Following his recent GCS appointment, Lovitt had the opportunity to travel to Singapore to attend Global Credit Solutions' World Conference. Attendees from every continent met to discuss emerging markets, trade credit, the changing face of the international credit & collection community and much more. The conference was a mini "United Nations" with delegates from China, Russia, Brazil, Australia, Sweden, Tanzania and many other nations.

Mr. Lovitt works at Caine & Weiner's collection center in Schaumburg, Il.