

The Bottom Line



salvage tales



High flying sales

A 1972 Cessna 172 was stolen from an airport in California, flown 50 miles to a remote location and vandalized. [p. 2](#)

Ice storm damage

A truck hauling a CAT front-end wheel loader with only 88 hours of service, crashed on an icy highway in the Texas Panhandle. [p. 3](#)

Turbulent turbine bid

A gas engine turbine was dropped from a height of 3 meters as it was being loaded onto a ship. [p. 4](#)

Champion Sees Bottom Line Impact of SalvageSale

Champion. The word exudes strength and courage to fight and defend a cause. We often associate champions with athletes but many are right here in the midst of the business world – advocating new ideas and processes in the face of opposition.

Champion with a Cause

Such is the case with champion Scott Bowers, Regional Claims Manager for Fireman's Fund McGee. Scott has championed the adoption of SalvageSale into the Fireman's Fund McGee salvage disposal process, but the transition has not always been an easy one. "Old processes and ways of thinking are tough to overcome. Some people are not happy dealing with a new process that gets in the way of old partnerships, which have always been 'sacred ground' to some," said Bowers.

However, with SalvageSale's global touch, efficient processes, and standard documentation, Bowers and Fireman's Fund McGee have seen the impact SalvageSale has had on their bottom line. "We have seen an improvement close to double figures in our salvage return at no real cost to us," stated Bowers. "That's really no surprise when you think about it. Through SalvageSale, we are putting our salvage out to an international group of thousands of buyers," added Bowers. "If you adhere to the 'old' process, that same salvage would only be seen by a handful of local buyers. Not a tough decision in my mind."

The insurance industry has been relatively slow to embrace Internet technology as a means to dispose of salvage, but Fireman's Fund McGee recognized the benefits early on. "Some people find it intimidating to use the Internet," Bowers notes, but he and the Fireman's Fund McGee leadership team had the insight and vision for what technology had to offer. "I have always made my way through the industry focusing on efficiency and bottom line impact," said Bowers. "About 15 years ago, the insurance industry was first venturing into technology and it was slow-

going at first. But we made it over that learning curve, and look at the rewards now. SalvageSale is no different. It will take time to be accepted. I can see where our salvage dollars are coming from and can use the data in so many different ways. The bottom line speaks for itself."

There's Gold in that Data!

Fireman's Fund McGee and Scott Bowers acknowledge the value of information provided them by SalvageSale's detailed reports and straightforward means of handling salvage. They now have access to real data to make informed decisions on their claims recovery. "I know of at least one instance where we could not find a buyer for a particular piece of damaged mining equipment. The recovery costs outweighed the value of the salvage," noted Bowers. "We were going to have to pay about \$200,000 in disposal costs on the salvage. We brought in SalvageSale, who found a buyer to purchase the equipment and remove it as part of the terms of sale." Bowers and his team saw a quick \$200,000 savings.

Despite the early bumps of being on the cutting edge, Bowers finds the experience of being a SalvageSale champion gratifying. "It is certainly rewarding being seen as an innovator and an 'out of the box' thinker," said Bowers. "Saving money on salvage claims recovery is the bottom line for my company." Bowers is also quick to point out that being a champion requires a champion standing in the wings, and he applauds the support that boss Jose Guerrero has given him. "Jose has opened doors that have allowed me to experiment with new ideas," added Bowers. "And without that kind of support, new ideas can never be implemented."

SalvageSale is grateful for the support Scott and Fireman's Fund McGee have provided and appreciate the strength and effort it takes to lead an organization to a new and better way of doing business.



Professional service. Real results.

SalvageSale matches people selling salvage with those who want to buy it. And we do it better, faster, and more effectively than anyone in the world.

Products

- Agriculture
- Aviation
- Building Materials
- Chemicals and Minerals
- Computers & Components
- Food & Beverage
- Machinery/Equipment
- Metals
- Plastics/Rubber
- Pulp & Paper
- Retail Goods
- Textiles
- Transportation and Parts

Services

- Brands and Labels Protection
- Damage Evaluation
- Inventory Preparation
- Sale of Stock
- Site Assessment
- Site Clearing
- Stock Disposal
- Transportation and Storage

Did you know?

The Detailed Seller's Guide provides step-by-step instructions on how to use the major features of the SalvageSale website. From www.salvagesale.com click on [Return Seller](#), then click on [Detailed Seller's Guide](#).

▶ Cessna sale numbers prove convincing: Online auction the right course for salvaged aircraft

▶ **Background** A 1972 Cessna 172 was stolen from an airport in California, flown 50 miles to a remote location and vandalized. Damage to the aircraft was extensive: the navigation and communications equipment was stolen, the upholstery shredded, and the glass on the instrument panels smashed. Compounding the problem, the log book and mechanics records were missing. Without these records, a buyer would have difficulty obtaining the airworthiness certificate, or AD, which would be needed to fly the plane.

Placing the claim value at \$40,000, the insurance company asked SalvageSale to handle the sale of the airplane, its first. With inadequate product information and a core group of buyers who would need to be converted to the online auction process, SalvageSale knew it would have to dedicate its resources to ensure a successful sale.

▶ **Approach** The biggest impediment to a favorable sales price was the Cessna's missing records. So before posting the offering, SalvageSale's Transportation market maker discovered where the craft had been serviced and worked with the seller's mechanic to recreate the necessary documentation. Now in possession of the AD, the team, including the market maker, Research Center and Call Center:

- Created a detailed description of the damaged craft and posted it to the SalvageSale marketplace.
- Contacted its existing buyer database and the list of buyers provided by the insurance company.
- Began to pursue additional leads and expand its database to include fixed base operators, flight schools, airframe and power plant mechanics.

▶ **Results** The team's focused strategy paid off. Opportunities to buy salvaged aircraft are normally restricted to a handful of larger companies. With SalvageSale's Research and Call Centers spreading the word, the auction attracted more than 830 inquiries during the three-week posting. By closing time, the Cessna had received 94 bids from 28 buyers, and a winning bid of more than \$25,000 from a buyer in Canada. The Cessna sale offered proof that a competitive online marketplace is more than just capable of handling the sale of aircraft. It's a highly profitable alternative to the traditional salvage process.



▶ Quick Look

ITEM
1972 Cessna 172.

CONDITION
Extensive vandalism.
Stolen log book and mechanics records.

LOCATION
California.

CHALLENGES
Considerable damage.
SalvageSale's first airplane.
Missing records.

BIDDING
830 bidder inquiries.
94 bids.

RESULTS
Sold to a buyer in Canada.

Damaged front-end loader tallies 192 bids and a 54% return



Quick Look

ITEM

CAT front-end wheel loader.

CONDITION

Overturned and badly damaged.

LOCATION

Texas Panhandle.

CHALLENGES

Considerable damage.

BIDDING

610 bidder inquiries.
192 bids.

RESULTS

Sold for over half of the original price.

► **Background** A truck hauling a CAT front-end wheel loader with only 88 hours of service, crashed on an icy highway in the Texas Panhandle. Overturned and badly damaged, repairs to the loader were estimated in excess of \$75,000, more than three-quarters of the unit's original \$90,000 value. In the past, the unit would have been turned over to the local dealer for whatever price the dealer offered. This time, the seller opted to dispose of the asset through the SalvageSale marketplace.

► **Approach** Despite the severity of the damage, SalvageSale generated intense interest in the loader.

- Through its existing Machinery & Equipment database and subsequent research, market makers contacted a total of 642 prospective buyers.
- Based on the quality of information in the posting, including detailed photographs, only one of the bidders requested a site inspection.
- Included among the potential buyers was the local dealer who traditionally offered a set price and who now had to register and bid competitively against the others.

► **Results** Within six days, SalvageSale received 610 bidder inquiries and a remarkable 192 bids. On the final day alone, SalvageSale received 113 bids, increasing the previous day's best offer by 145 percent. The buyer, who was contacted through SalvageSale's existing database, came in with a winning bid of \$48,890, a full 54 percent of the loader's claim value and more than double the amount the seller would have received prior to using SalvageSale.

Tips for Better Selling Results

Jim Reilly, Vice President Operations, offers SalvageSale Sellers the following tips. When selling product, you'll get better results when you provide:

1. Thorough product descriptions. When it comes to selling, the more information sellers provide about a product the better. Buyers want to know as much as possible about the products they are bidding on.
2. Good quality photographs. Buyers are interested in seeing a product before they purchase it. Multiple photos including shots of both damaged and undamaged product are always helpful.
3. Detailed information. Very simply: if information is available on your product, provide it to SalvageSale. From surveys, invoices, and inspection reports to bills of lading, buyers like more information rather than less. Even if you think something is insignificant, go ahead and give it to us and we'll consider it for your listing. As always, you will review and approve the final listing before the auction begins.

▶ Bidding war drives price of gas engine turbine up 124 percent

▶ Background

A gas engine turbine en route from Guatemala to the United States for routine maintenance was dropped from a height of three meters as it was being loaded onto a ship. A highly sophisticated, delicate piece of equipment, the engine was totaled, with a claim value of \$4.2 million. Soon after, the insurer received two offers: one for \$200,000 came from the engine's manufacturer; the other for \$380,000 came from an engine rebuilder. Hearing of the opportunity, SalvageSale offered to sell the engine through its online marketplace. Intrigued, yet reluctant to post the engine and risk losing the two offers, the insurer finally agreed, but with one stipulation: SalvageSale would have just five business days, from Thursday to Wednesday, to put together a database of potential buyers and stage the sale.

▶ Approach

Highly motivated, and with a short deadline looming, the SalvageSale team went into action.

1. SalvageSale's Machinery and Equipment expert amassed the technical specifications and analyzed new applications and potential markets for the turbine engine. The same engine used in 747 jet aircraft, it is also used extensively by utility companies as a power generator.
2. After generating automatic e-mails to select buyers from the existing database, the Research Center began searching other sources around the world for potential buyers, ultimately identifying over 1,200 potential buyers.
3. Meanwhile, supplied with lists of possible buyers and carefully scripted talking points, the Call Center started an around-the-clock telephoning and faxing campaign that would eventually total 350 telephone calls and 867 e-mails.

▶ Results

Within two days of the posting, bidding had surpassed the \$200,000 offer and was still climbing. By closing time at 3 p.m. Wednesday, the auction had received 1,109 inquiries and 186 bids. With bidding still underway, the system switched automatically to overtime bidding. Over the next two hours as the insurer watched from its offices in Guatemala, the bidding narrowed to three bidders in Canada, England and the U.S. The high bidder from England offered \$856,000, but asked for 10 days to inspect the engine. The insurer went with the second place bidder from Canada who offered \$850,000 and no terms—a staggering 124 percent increase over the initial offer.



▶ Quick Look

ITEM

Gas turbine engine.

CONDITION

Dropped from 3 meters during loading.

LOCATION

Guatemala.

CHALLENGES

Considerable damage.
Short deadline.

BIDDING

1109 bidder inquiries.
186 bids.

RESULTS

Sold for 124% more than original offer.

Upcoming Events

Stop by and see SalvageSale during the Spring 2002 trade shows.

PLRB 2002 Claims Conference

(Property Loss Research Bureau)
April 7-8, 2002
Anaheim Convention Center
Anaheim, CA
Booth #633

40th RIMS Annual Conference & Exhibition

(Risk & Insurance Management Society)
April 14-18, 2002
Morial Convention Center
New Orleans, LA
Booth #120 – Swiss Re
Capital Partners area