



Auto

H O W T O S H O P F O R A U T O I N S U R A N C E

Tackle auto-insurance shopping like you would any other major life purchase. Experts at PEMCO suggest you begin with these four points:

Price. Ask money questions up front. Once you're clear about the cold cash, you're ready to talk value – what you get in return.

Collect at least three quotes for the same coverage. Make sure you're comparing costs for the same number of months. (Most companies quote for six months. Others like PEMCO guarantee rates for one year and give annual quotes.)

Keep in mind that – regardless of the company – the same basic factors go into setting price: drivers' ages and their records, types and ages of cars, number of miles driven, where you live, how much coverage you need, and your credit history. Many insurers also consider an insurance score based on some aspects of the applicant's credit history.

It also matters what kinds of drivers the company insures. PEMCO, for example, is a “preferred risk” company that accepts responsible drivers only. (Better price, tougher to get.) Other companies take riskier drivers and spread their higher claims costs throughout their customer base.

If you listen carefully, you can tell a lot about a company from its price-marketing strategy. If all a company wants to do is tell you how cheap it is, it likely indicates a weakness elsewhere.

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PEMCO Fact Sheet

Stability. Is the company a big enough player to weather ups and downs in the economy or a localized disaster? Check insurers' financial strength with independent rating companies such as A.M. Best or Standard & Poor's (you may have to pay a fee).

Service. If you can't get your company on the phone after a wreck, saving \$100 a year on premium won't mean much. Ask insurers what happens if you need to report a claim after-hours or on the weekend. What can they offer in billing plans and online access? Will time-zone differences pose a problem? What have you heard from friends?

Consumer magazines, research companies, and even local newspapers rate insurer performance. PEMCO consistently ranks at or near the top of those lists. It's also easy to check online for complaint statistics for the companies you're considering (in Washington, visit the website for the Office of the Insurance Commissioner; in Oregon, see the Oregon Insurance Division).

Comfort. Don't ignore how you *feel* about the company. After all, this is where you'll turn if your car (and life) are in pieces! Does the company seem like it would take care of you? Does it value the same things you do – responsibility, “doing the right thing,” supporting its community?