



REWARDING
RESPONSIBILITY

Perspective

NEWS AND INSIGHT FROM PEMCO INSURANCE



ADJUST YOUR HEAD RESTRAINT OR RISK INJURY

If your car's adjustable head restraint is set in the lowest position, there's a 53% chance* it's too low to save your neck in a rear-impact crash.

That's the word from the Insurance Institute for Highway Safety (IIHS), a longtime, nonprofit research partner with PEMCO in promoting proper use of head restraints to prevent whiplash injuries.

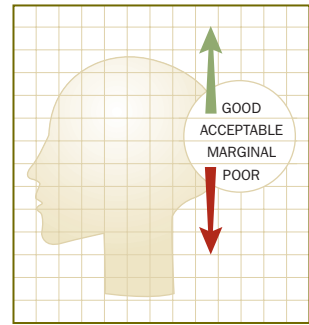
At minimum, your head restraint should reach ear level to stop the fulcrum effect — head-snapping force that occurs when your car is hit from behind. Your head's center of gravity is about 3.5 inches from the top, and that's where the restraint should be. As the illustration on the right shows, high (and close to your head) is best.

Car manufacturers have dramatically improved head restraint design in recent years. In 2003, 45% of new cars earned "good" IIHS ratings compared

with just 3% in 1995. You can check the ratings for select models by visiting www.hwysafety.org. Search for "head restraints," click "IIHS-HLDI head restraint ratings," then "back to manufacturer list" at the bottom of the page.

PEMCO was the first insurance company in the nation to publicize the dangers of improperly set head restraints when it aired radio and TV ads in 1992 and 1993. It also donated two cars in 1993 for the IIHS to use in head restraint tests at its Vehicle Research Center in Virginia.

cont. on page 4



POSITION ABOVE/BELOW TOP OF AVERAGE MALE'S HEAD

We'd love your feedback!

Drop us a note or send your comments via e-mail to perspective@pemco.com

FALL 2004:

Wipers on, cruise control off 2



Vehicle total losses on the rise 2



Questions you asked us 3



SUBROGATION: WHAT IS IT, AND WHAT'S IN IT FOR YOU?

If you've ever been hit in a fender bender, you've probably asked yourself which was worse: the accident itself or the days of phone calls and hassles that followed as you wrangled with the *other* driver's insurance company.

There may be an easier way! Provided you have the needed coverages, *we* can pay to fix your car* (perhaps getting you back on the road faster) and cover your medical expenses under your own contract with us. All you're out is your deductible — and then, perhaps, only for a month or two.

Through a process called "subrogation," PEMCO pursues the other driver or his insurance company for damages we pay on your behalf. Using your Collision, Rental Reimbursement, Personal Injury Protection, and possibly Uninsured Motorist coverages and limits, we pay your claim, settle liability

cont. on page 3

PEMCO ranks among the top companies in the state for recovering money owed to us

WIPERS ON, CRUISE CONTROL OFF

Everyone knows that cruise control is a great convenience, especially on long road trips. But beware — when the roads are wet or icy, it can be downright dangerous.

Here's why: Cruise control can't judge and adjust to differences in the road's surface like you can. When your car encounters ice or standing water, your tires lose traction. If that happens with cruise control on, your engine revs up, your tires spin faster and — bang! When the tires finally do catch hold of the pavement, your car rockets forward, possibly shooting you into the ditch or the car in front of you.

With cruise control turned off, *you're* in control. If you feel the "floating" sensation of hydroplaning, take your foot off the gas, but don't hit the brakes.

Fall and winter bring slick roads, so remember these tips:

- **Cut your speed** and increase following distance. As you slow down, your tires' "footprint" on the road surface widens and traction improves.
- **Avoid sudden moves** to avoid skidding.
- **Stomp on antilock brakes**, pump standard brakes.
- **Don't drive until your windows are clear.** To defrost quickly, turn on your air conditioner (it dehumidifies) and set the temperature on hot.
- **Keep outside mirrors and lights clear, too.**
- **Follow the snow plow or sanding truck.** The road behind them is much better than the road ahead.
- **If you get stranded in the snow**, make sure the exhaust pipe is clear to avoid asphyxiation. Run the motor just enough to stay warm. ■



Ten years ago, the average claim to repair a new car pegged at \$2,578. By 2003, it had climbed to \$3,681 — a 43% increase

Source: Highway Loss Data Institute

VEHICLE TOTAL LOSSES ON THE RISE

Lightweight body materials, sophisticated airbags, high-intensity headlights, and pricey onboard electronics make today's cars safer and more efficient than ever before. They're also contributing to a startling trend. After just a moderate crash, some relatively new cars cost more to fix than to replace.

Since 1999, the number of total losses (that is, cars so damaged they're not considered repairable) has climbed 4%. It's not that crashes are getting worse. It's that parts are more expensive and vehicles are trickier to work on. Total losses now account for 12.5% of all body-damage claims nationwide, making the notion of "disposable" cars at least seem statistically possible.

For policyholders whose four-wheeled "babies" fall into that unlucky 12.5%, the news can be shocking, maddening, even emotionally gut-wrenching.

Like most insurance companies, PEMCO follows a basic formula when deciding if a car's worth fixing. First, technicians must be able to return it to a safe, pre-accident condition. Next, the estimated cost of repairs can't exceed the car's market value before the accident (minus its salvage value).

If those conditions aren't met, we consider the car a total loss and begin an intensive valuation process to make sure you're compensated for the car's worth. We also assign you to an expert who does nothing but manage total loss claims — someone who knows the ins and outs of valuation, salvage, exchanging titles, and settling with your lender.

Years ago, total loss adjusters would comb the classifieds to get a sense of a car's value. Now, we rely on an independent valuation company to seek out a

car's worth. PEMCO sends details about your car to the company, which feeds them into a national auto database. It generates a "typical value" showing what similar vehicles have sold for in the past 90 days. The service also can locate comparable vehicles for sale locally, call dealerships for their advice on value, or seek out collectors in the case of rare cars. The typical value is then fine-tuned by adding or subtracting money for special features and condition. We then add sales tax, unused license tab fees, and title transfer fees to come up with a customized value for your car.

PEMCO then offers to buy your car at that price. The whole process takes only a day or two unless your car is unusual or you have questions about the offer.

As your wrecked car's new owner, PEMCO needs the title. That means it must be exchanged and recorded with the Department of Licensing. If you own your car outright and have the title, you can just sign it over (along with giving us a signed odometer statement for newer cars), and we'll write you a check. If you're still paying on the car and the bank has the title, there's more paperwork. Once it's complete, we'll pay your bank first (paying off your loan if the car's settlement value is high enough), and we'll send you any amount left over. Unfortunately, some cars — especially those purchased with no money down — depreciate faster than their loans are repaid, meaning a borrower still could owe money on a totaled car. For cars less than three years old, call us for our optional Loan/Lease Endorsement if you're concerned, or ask your lender about gap insurance.

cont. on page 4



SUBROGATION (cont.)



disputes with the other insurance company, and work to collect the money we paid *plus* your deductible. (You'll get it all back, provided you were less than 50% at fault in the accident and we're able to collect the full amount.)

As soon as we've collected the amount of deductible you're due, we'll refund it to you — putting you "first in line" before we keep any money ourselves. (Collections can get sticky, so patience is key!)

To pursue the person who's accountable for damages caused, we need information from you. At minimum, please write down the other person's license plate number (we can use the state's database to find the car's owner). Also, get the other driver's name, address, phone number, driver's license number (copy it yourself if the other driver is willing to let you see it), and insurance company and policy number.

As part of our commitment to holding down costs for policyholders, PEMCO always works to recover its claims payments from people who are even partially responsible for causing damages to our customers. PEMCO ranks among the top companies in the state for recovering money owed to us. Last year, we recovered \$16.4 million — up 8.93% from 2002.

The best route to choose in handling an accident claim depends on many factors, and your PEMCO Claims representative will gladly help you weigh your options. If you do decide to use your own coverage, you'll deal directly with us — a company you know and trust, and one that's genuinely interested in taking good care of you. ■

*Although auto claims are the most common, we also subrogate homeowner's claims stemming from faulty work by contractors or defective products.

QUESTIONS YOU ASKED US

How do I choose the best car-repair shops?

Yours is one of many questions we received on this topic in response to our recent customer survey.

Although PEMCO customers can take their cars to any professional body shop, we'll gladly recommend several choices based on decades of experience. We've screened shops throughout Washington and selected dozens to participate in our Timesaver Repair Program (TRP). TRP-certified shops consistently meet the highest standards for quality and must adhere to strict PEMCO guidelines on customer contact time, repair procedures, and overall customer-service expectations. We're so confident in them that you don't even have to wait for a PEMCO adjuster to inspect your car!

Simply take your car to any TRP-certified shop and schedule an appointment. The shop will prepare an estimate and send it to us with photos of the damage. When the work is complete, you just pick up your car and the shop will send us the final bill. Every TRP shop provides a written warranty of its work for as long as you own your car. And of course, PEMCO stands behind it, too.

Choosing a TRP shop not only gives you peace of mind about the quality of your repair, but it can shave days off the standard claims-settling and repair process. When you report a claim, your representative will give you instructions and the names of TRP-certified shops in your area. We constantly update and re-evaluate the list based on customer feedback. ■



WORDS YOU SHOULD KNOW

The following words appear in this issue of *Perspective*:

Collision coverage — protects the policyholder's vehicle for physical damage caused by a collision with another object.

Deductible — the amount a customer pays out of pocket on a claim before insurance coverage kicks in.

Hydroplaning — loss of traction when water covers the road and your car's tires ride on water instead of pavement.

Personal Injury Protection — the portion of an auto policy that covers medical costs and income loss resulting from injuries to the driver and passengers of the policyholder's car, regardless of who's at fault.

Rental Reimbursement — covers vehicle rentals required because your car is damaged or stolen.

Subrogation — when an insurance company seeks to recover payment from a third party who caused injury to the policyholder or damage to property.

Total loss — the condition of a vehicle (or other property) that's damaged so severely, repair costs would exceed its value.

Uninsured or Underinsured Motorist coverage — pays bodily injury damages caused by the negligence of a hit-and-run driver, or by one who has no insurance or too little insurance. ■



REWARDING
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FALL 2004 *Perspective* 3



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FALL 2004:

Wipers on, cruise control off 2

Vehicle total losses on the rise 2

Questions you asked us 3

For more helpful information, visit Consumer Tips at pemco.com

Read current and past issues of Perspective at pemco.com/perspective

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HEAD RESTRAINT (cont.)

For safety's sake, make this a habit: When you get in a car, buckle up and check your head restraint. Set it no lower than your ears. And adjust it for each user — there's no such thing as "one setting fits all." ■

*IIHS researchers reached that conclusion after observing 7,000 drivers stopped at intersections in Washington, D.C., and Charlottesville, Va

VEHICLE TOTAL LOSSES (cont.)

No one wants to think about having his or her car totaled. But if you ever find yourself in that situation, know there's a PEMCO team standing with you. We're ready to help, whether it's dealing with your bank, offering an understanding ear, or even working with a salvage company so, if you just can't bear to part with it, you can keep your damaged car. We've also put together a publication, "Total Loss Claims – A Responsible Driver's Guide," that details every step in the process. ■

THE WHOLE IS WORTH LESS THAN THE SUM OF ITS PARTS

A ding here, a dent there. It doesn't take long to rack up a whopping bill for replacement parts, especially with prices like these for 2004 models:

Toyota 4Runner, navigation computer	\$4,542.27
Mercedes S class, glove box door	\$3,820.00
Nissan Titan, seat track adjuster	\$783.02
BMW Z8, driver's airbag	\$762.50
Audi A8, bumper cover	\$730.42
Audi A4, headlight with igniter	\$675.18
Honda S2000, mud guard set	\$459.00

PREPARE YOUR CAR AND HOME FOR WINTER

Prevent wintertime woes by following this 10-point checklist. Tear it off and post it in the garage, so you can refer to it year after year.



FOR YOUR CAR:

1. **Check your antifreeze.** A 50:50 mixture of antifreeze and water is best.
2. **Get your battery tested** if it's more than three years old. Clean corrosion from posts and cables.
3. **Lubricate your door and trunk locks** to keep them from freezing.
4. **Change your oil.** Dirty oil is thick oil, and cold temperatures make oil even thicker, further reducing its ability to circulate.
5. **Replace wiper blades.** They're only good for one year.
6. **Put an ice scraper** in the glove box.
7. **Consider switching to snow tires.** If you use studded tires on a front-wheel, four-wheel, or all-wheel drive vehicle, put them on all wheels to improve control.
8. **Start the "half tank" rule.** Until spring returns, make sure all drivers in your home understand they need to fill up immediately when the gauge registers half full. That way, you needn't worry about running out of gas if you're ever caught in traffic during a slow, snowy commute.
9. **Don't reduce your tire pressure.** That won't help on ice and snow and actually interferes with steering control.
10. **Carry an emergency kit** that includes gloves, a blanket, warm clothes, nonperishable food and water, sand or cat litter (traction if you get stuck), a flashlight, tire chains (and any tools needed), jumper cables, washer fluid, and matches to warm your key if the lock freezes.



FOR MORE WEATHER-SMART IDEAS, VISIT PEMCO.COM AND CLICK "CONSUMER TIPS."

FOR YOUR HOME:

1. **Clean gutters** to prevent ice damming. During rapid snow melt, plugged gutters could cause water to seep back into the roof (causing leaks) or overflow near the foundation, causing leaks and settling.
 2. **Beef up skimpy insulation** in basements, attics, and crawl spaces (taking care not to block vents).
 3. **Check drains** at the bottom of driveways and exterior stairwells to make sure they're clear of debris and working properly.
 4. **Check pipes** in unheated spaces for leaks and wrap them if they're exposed. Cover outside faucets with plastic foam hoods.
 5. **Have your furnace and chimney cleaned.**
- If you're leaving for an out-of-town vacation:**
6. **Turn off your main water valve,** unless you have an automatic fire-sprinkler system.
 7. **Turn off your water heater** — *essential* to avoid risk of a steam explosion if the water's turned off — **and air conditioner.**
 8. **Unplug TVs, computers, and appliances** susceptible to lightning and power surges.
 9. **Set your thermostat** no lower than 55 degrees to keep pipes from freezing. Open doors and cabinets to let warm air circulate. If you heat with oil or propane, make sure the tank is full.
 10. **Show a trusted neighbor** how to shut off the gas, water, or electricity to your home in case of emergency.