

PEMCO *Claims*



**PEMCO'S TIMESAVER
REPAIR PROGRAM**

Guidelines

PEMCO'S AUTO REPAIR GUIDELINES AND TIMESAVER REPAIR PROGRAM

The following are PEMCO's guidelines for shops that repair vehicles and the PEMCO Timesaver Repair Program (TRP).

The guidelines explain what you will need to do to maintain a successful, long-term business relationship with PEMCO. When you receive a TRP referral from PEMCO, please follow these repair guidelines. This is not a contract. Either PEMCO or you may end the relationship at any time.

PEMCO's goal is to increase customer satisfaction and ensure industry standard quality repairs. PEMCO partners with Electronic Claims Service (ECS) for the uploading, storage, and review of estimates on their website ClaimsOffice.com; our program requires that you subscribe to the ECS service in order to participate.

WORKING WITH PEMCO

Assignments

PEMCO will assign customers to you via email and fax.

Shop contact

PEMCO wants to work with one qualified representative at your shop with a backup available for when the representative is out.

Owner/management/PEMCO contact change

Please notify PEMCO immediately when changes occur in the ownership, management, and our contact person at your shop. Please be aware the participation in the PEMCO Timesaver Repair Program is not transferable.

Backlog

Please be honest with PEMCO in communicating about your backlog and average repair times.

Certifications

Be sure your certifications are updated in the comments section of your ClaimsOffice.com shop profile. This helps PEMCO customers understand your value proposition.

Payment

The timesaver aspect of auto repairs allows you to order parts and begin repairs after the preliminary estimate and photographs have been uploaded to ECS (Electronic Claims Services, our online vendor, at ClaimsOffice.com), and the customer has signed a work authorization. PEMCO will attempt to issue payment within seven working days of an accurately ClaimsOffice.com-uploaded final estimate or bill. Parts invoices will not be required to be uploaded, but are expected to be on file at the shop and available for inspection.

- *PEMCO will pay the insurance rate in your area for labor, refinish, frame, and paint materials.*
- *Please document in the notes section of the estimate that you are sending a “Final bill, verified to PEMCO Profile.”*
- *No photographs = no payment.*

Photographs

Please provide clear photographic support to adequately document the damage on your estimate. If labor hours have significantly changed from the original estimate, please support the change by uploading pictures to ClaimsOffice.com and keeping them in your file. Occasionally, PEMCO casualty Adjusters will request additional vehicle photographs. Please accommodate their needs.

Electronic Claims Services (ECS)

PEMCO partners with ECS and uses their website, ClaimsOffice.com, for the uploading, storage, and review of estimates; our program requires that you subscribe to the ECS service to participate.

CUSTOMER SERVICE

Same-day contact

Please contact the customer within two hours of receiving the assignment. Document ClaimsOffice.com appropriately to designate your first attempted contact date and time. *PEMCO's expectation is 95% compliance.*

Towing

Please arrange the tow with your vendor for all non-drive vehicles. We trust your tow vendor's rates are competitive in your market area.

Rental vehicles

If a customer needs a rental vehicle, please direct them to **Enterprise, our primary rental vendor, or Hertz, our secondary vendor. Enterprise: 1-800-GO-PEMCO x2238 or x7889, or Hertz at 306-878-2199.** If the customer has no preference and would like our TRP shop to facilitate the rental process, please feel free to utilize the vendor of your choice.

EXPECTED TRP WORKFLOW

- PEMCO will electronically assign the customer to a shop through ClaimsOffice.com. An ECS Analyst will then forward the new claim assignment to that selected shop via email and fax.
- Arrange a tow to your facility if the vehicle is a non-drive. Please use a competitive tow vendor in your area.
- Contact the customer within two hours of receiving the assignment. Document the claim in ClaimsOffice.com.
- Make an appointment with the customer to evaluate the damage.
- Inspect the vehicle, write a committed or locked estimate, and take initial photographs. Give the customer a copy of the initial estimate.
- Upload estimate and photographs to PEMCO via ClaimsOffice.com
- Document the “scheduled date in” for repair and whether the vehicle is drivable or a non-drive on ClaimsOffice.com. Update changes to Scheduled/Target/Actual In & Out dates as they occur.
- Repair the vehicle.
- Upload the final estimate or bill to ClaimsOffice.com. Please specify on the estimate this is “Final Bill, verified to PEMCO Profile.”
- Please upload your final bill within two business days of completion of the repairs.
- Please verify that your final bill is accurate. PEMCO issues one check for all completed repairs.
- Document the “actual date in” and the “actual date out” on ClaimsOffice.com.
- Supporting photos for initial and supplemental damages are required for payment.
- If the total loss threshold is reached, please follow the instructions under the Total Loss heading.
- Document ClaimsOffice.com and update the shop status field on the claim as appropriate.

- Communicate with PEMCO within 10 days when you are unable to reach the customer.
- Give the customer a copy of the final estimate or bill.

“CASH OUTS”

As we experience more “cash outs,” we have identified a missing step within the process. Often our customer comes in for an estimate to your shop prior to notifying PEMCO, and doesn’t inform you they’ll have the insurance company pay or even that an insurance company will be involved. You write your estimate, based on walk-in rates, and the customer notifies us after obtaining the estimate. We then set up a TRP assignment and the uploaded estimate doesn’t match auto repair guidelines, and now the customer wants a cash out.

We’re asking that you rewrite the estimate reflecting PEMCO auto repair guidelines (which may impact parts utilized, cost and labor rates) then notify the customer the estimate has been rewritten, the changes within the estimate, and that you’ll send them the revised estimate. This will also give you another opportunity to capture the repair. If no photos were taken at initial estimate inspection, please request the owner to return to get proper photo documentation of damages.

The above scenario may also occur when the auto repair guidelines aren’t adhered to and changes occur that aren’t communicated to the customer, and at a future date they request a “cash out” and receive a check that doesn’t match what they have in hand. In this scenario it’s also necessary to provide the customer with the corrected estimate reflecting auto repair guidelines.

We hope we can alleviate calls to you and PEMCO while clearing up any confusion for our mutual customer, who, in our current method, receives a check reflecting auto repair guidelines vs. their original received estimate. We’ll then “cash out” the customer based on the PEMCO auto repair estimate.

Early Deductible Return

Effective immediately, in cases where our insureds are completely fault free and there's an insurance company accepting responsibility, we'll return their deductible (pay you in full) rather than wait until we collect from the other company. In these cases you'll be notified by either ECS or the PEMCO Claims file handler who extends the EDR (Early Deductible Return).

Current J.D. Power reports show that timely and appropriately returned deductibles can be a powerful loyalty driver for customers. This will allow us to provide remarkable customer service for our mutual customers.

ESTIMATES

Please write an initial estimate and take photographs of damages. PEMCO expects to receive your estimate and photos **within two business days of initial inspection**. If an extensive teardown is required and you need more time to provide an accurate estimate, please do so using your best judgment and timing. Notify ECS or update the claim in ClaimsOffice.com immediately so they are aware of the estimate delay. Only write what you know is damaged and include any hidden supplemental damage on your final estimate. Please indicate in the note section of the estimate if you expect to have a substantial difference between the initial and final estimate upload. Please include the following on your estimate:

Administrative data

- Exact mileage
- Complete VIN
- Year, make, model, edition, and exterior color
- License plate number and state if other than Washington
- Complete the vehicle owner information, including address and phone numbers

- Claim number and date of loss
- Deductible as appropriate, including updates when the deductible changes
- Estimate the number of repair days needed.

Charges

- PEMCO will pay the insurance rates for labor, refinish, frame, and paint materials.
- Initial estimate may include labor time to check the frame on your bench. **We allow 2.5 hours to include setup, measure, and the first pull.** In your notes to ECS, please provide your best estimate of remaining pull times. You should include the remaining actual pull times on the final estimate. Each additional pull is no more than 1.5 hours. On pulls involving additional setup, blocking, or multiple directions within the pull – 2.0 hours is allowed. **Documentation/photographs are needed for all additional pulls.** If a bench-frame setup and measure reveals no pulls are needed – charge 2.5 hours. Bench times are at the frame rate. **Contact your reinspector for approval if the total frame time exceeds 7.5 hours.**
- Floor or body pulls are at the body rate – 1.5 hours setup, measure, and first pull; .5 hours for each additional pull to a maximum of 2.5 hours. **Contact your reinspector to approve more than 2.5 hours total for body pulls.**
- Please include in your file, before and after frame specifications with manufacturer tolerances noted.
- Mechanical operations should be billed at the body rate unless you have an approved certified mechanic. **The mechanical rate must be agreed to with your reinspector.**
- General shop supplies/materials aren't covered. **PEMCO may pay for itemized materials as invoiced.**
- Clips, rivets, pins, glass, etc., damaged in the accident – charge retail price. If damaged in the R&I process – charge your cost only.
- No markup on tows or advance charges. If vehicle is determined to be a total loss, 25% markup on tow bill to the shop is permitted. No markup will be considered on tow bill to a lot or on Advance Charges from yard.

- PEMCO will pay .5 at mechanical rate for pre- and post-repair scans.
- All sublet work needs to have invoices uploaded to ClaimsOffice.com.
 - 20% markup on sublet items completed by independent vendors at your shop.
 - Up to a total of \$500.00 per estimate after 25% markup will be considered at outside independent vendor facilities.
 - No markup for services by a business with the same ownership as your shop.
 - No markup on scans completed at a dealership.
 - Exceptions will require your reinspector's approval.
- 25% markup on like kind and quality parts (LKQ).
- \$5.00 for hazardous waste.
- Salvage part cleanup — PEMCO will pay up to 1.0 hours cleanup per LKQ sheet-metal part. If this isn't sufficient, please negotiate with your vendor first; otherwise document your file with photographs supporting your additional cleanup time.
- PEMCO will pay up to 2.5 hours to cut and trim LKQ quarter panels, box sides, and combination pillars/rockers.
- .5 hours tint time for two- or three-stage refinish. In the case of two-tone, up to .5 hours for second color. Both as refinish labor.
- Up to 2.5 hours clear coat on exterior panels — additional time for jambs. If more labor time is necessary, please contact your reinspector to discuss; this is not a cap but a discussion trigger.
- .5 hours body labor and \$5.00 to cover vehicle for refinish. No additional masking for primer or jambs. .5 hours body labor only per opening for a removed panel to protect interior components from overspray. Maximum – two openings.
- Roping or precision masking glass — windshield or back glass – .5 hours body labor for a partial or .5 hours entire item, no supplies. Side glass – .5 hours.

- Clean and re-tape moldings that have been R&I'd – .2 hours/\$3.00. There can be exceptions for cladding.
- Color, sand, and buff on an exception basis for luxury vehicles or custom refinish only – .3 hours per panel/2.0 hours maximum. Contact your reinspector for approval.
- Buffing to repair minor scratches, scuffs, etc., is encouraged – .5 hours maximum per panel providing it saves repair/refinish to the involved panel. Buffing to match adjacent faded paint is not covered.
- \$15.00 for flex additive.
- .1 hour per panel to remove old striping from a blended panel – .4 hours per side for body labor.
- .3 hours and \$5.00 for corrosion protection.
- .3 hours and \$5.00 for undercoating.
- \$10.00 for seam sealer. Approval is needed on exceptions. Labor is included on replacements parts – maximum of .5 hours labor on repaired panels to match adjoining seam seal.
- \$25.00 for urethane kits.
- Where warranted, overlap deductions are expected for bumper cover refinish operations, whether the cover is removed from the vehicle or not.
- Overlap — we're challenged by overlap when vehicles are sublet to your dealer vendors relative to duplicate operations billed both by the shop and the dealer which then include markup. Please work with your vendor to verify cost and operations, as PEMCO will only pay for the operation once.

PART CHOICES

Please use the following guidelines when searching for alternative parts. PEMCO appreciates your efforts to use quality cost-saving parts. ***Please document any unsuccessful searches for alternative parts in the comment section of the estimate.*** PEMCO needs this information for subrogation. PEMCO reserves the right to further investigate for available alternate parts when a preliminary estimate is uploaded to ClaimsOffice.com.

- Locate and use like kind and quality (LKQ) parts, certified aftermarket parts, and remanufactured parts for vehicles over current model year + one year or with over 15,000 miles.
- Don't use LKQ SRS components of any kind including seat belts.
- Only consider using LKQ suspension and steering components with the owner's permission to save the vehicle on a borderline repair or if the prior condition of the vehicle warrants it. All aftermarket parts should be CAPA certified or better, if applicable.
- Use of all alternative parts (non-OEM) must be clearly disclosed to the customer prior to repair.

Examples of parts that should be replaced with certified aftermarket or remanufactured parts:

- Steel bumpers and bumper covers
- Headlamps – only remanufactured or aftermarket manufactured by TYC (Keystone Platinum Plus)
- Rear lamps or other lighting assemblies (not necessary to be CAPA regulated but must be DOT approved)
- Fenders, hoods, and tailgates
- Wheels
- Grilles
- Batteries, starters, alternators, and carburetors

- Steering gearboxes and rack assemblies – remanufactured only
- Mufflers, catalytic converters, and exhaust systems
- Convertible tops, upholstery, and stereo equipment
- Radiators and A/C condensers.

If a customer objects to the use of alternative (LKQ, Aftermarket, and remanufactured) parts, **please notify your reinspector immediately.**

When you provide the final billing to our mutual customer, it is required in Oregon to provide the customer with the warranties set forth in ORS 746.292(3) (a)-(b). For Aftermarket or LKQ parts, the estimate must also include a specific disclosure as set forth in ORS 746.292(3) (b).

BETTERMENT / DEPRECIATION

“Deductions for betterment and depreciation are permitted only for parts normally subject to repair or replacement during the useful life of the insured motor vehicle. Deductions for betterment and depreciation shall be limited to the lesser of an amount equal to the proportion that the expired life of the part to be repaired or replaced bears to the normally useful life of that part, or the amount which the resale value of the vehicle is increased by the repair or replacement.”

- Any depreciation or betterment should be based on the condition of the existing part. Labor is not subject to depreciation or betterment. If there is no apparent wear or prior damage and the replacement part will not increase the resale value of the vehicle, then no betterment should be taken.
- An appearance allowance is appropriate for cosmetic damage on paint or parts with the customer’s agreement.
- Any appearance allowance negotiated on a part should be no more than 50% to 75% of the cost of the part (no labor included). An appearance allowance for paint

should be no more than 50% to 75% of the labor cost to refinish the particular panel (no paint material or blending included).

- Document any appearance allowance or betterment and include photos of the damage. Contact your reinspector before uploading your estimate with an appearance allowance.
- If you have paintless repair on a sheet-metal panel, it is appropriate to use a paintless vendor. PEMCO encourages this method of repair when the panel has not incurred damage. An appearance allowance may be considered for customers who choose this method of repair. Please call your reinspector if you have any questions.

When the amount claimed as automobile damage is reduced because of betterment or depreciation, all information used as the basis for the reduction shall be documented in the file. Each reduction shall be itemized and specify the appropriate dollar amount.

OLD OR UNRELATED DAMAGE

Document any old or unrelated damage on your estimate, including photographs. If the customer doesn't concede the old or unrelated damage, let them know the damage is questionable and a PEMCO representative will need to review and approve it. If the customer insists on having the old or unrelated damage repaired, notify **your reinspector immediately** and we'll deal with the customer's concerns.

Don't write the estimate and submit it with what you think is unrelated damage, damage that doesn't correlate with the accident description provided, or damage that doesn't make sense. You are our eyes and we understand you don't want to be caught in the middle. However, when no comment is made by our TRP shop, the customer can only assume you agree with them on the damage and, if not addressed at the time, we have not provided the expected TRP service, and we'll both have a dissatisfied customer.

REPAIRS

Comply with statute

PEMCO expects you to follow automotive repair legislation in Washington (RCW 46.71) and Oregon (ORS 646A.480-495) in all dealings with customers.

Warranty

Offer a written warranty on all repairs.

Document your repair methods

Perform all work according to your initial committed estimate. Any repairs that deviate from the initial estimate must be promptly noted in your file and updated photos provided. It's equally important that the customer be notified, as well as PEMCO or ECS. It's important that the customer be provided with an estimate that's as accurate as possible at the initial inspection, and an accurate final estimate or bill when the vehicle repairs are complete and the vehicle picked up.

REINSPECTIONS AND EVALUATIONS

Shop visits

PEMCO representatives will be permitted to inspect all TRP vehicles on your premises during your business hours and able to examine all your TRP files and estimates in their entirety, if requested.

Feedback

We'll discuss our evaluations of our re-inspections and cost variances with your representative(s). PEMCO will also evaluate and discuss overall trends and patterns regarding customer contacts and satisfaction, repair methods, parts used, charges as per our guidelines, cycle time, severity, quality of repairs, and communication with PEMCO (such as total loss notification, noting alternate parts searches, notification of old or unrelated damage, proper entries of

estimate administrative data, proper and timely ECS entries and updates, responsiveness to ECS or PEMCO requests, and action plans for compliance issues). PEMCO will attempt to negotiate and resolve our concerns or differences with you.

Shop feedback

PEMCO will discuss any concerns or questions you may have regarding the TRP program. Your feedback is important to us. Please share it with your reinspector.

TOTAL LOSSES

Borderline losses

Call your reinspector when your estimate reaches 100% of Threshold, which we'd like to be set at 80% of your estimating system's vehicle evaluation. If you feel the vehicle has hidden damage that would require more substantial teardown to more fully determine if the vehicle is repairable or not, PEMCO can authorize up to two hours of tear down to assess. Please inquire of your ECS Analyst for authorization to do so. Any additional labor needed beyond two hours will require PEMCO reinspector approval. Please feel free to contact your reinspector to discuss any and all factors involved in determining if the vehicle is repairable or a total loss.

PEMCO considers a vehicle to be a constructive total loss when the total cost to repair, plus salvage, rental expense, and towing for repairs exceeds the value of the vehicle.

We'd like at least 4 corner pictures outside, engine compartment (if possible), and interior photos, in addition to the damage and prior damage photos. It is important on all possible totals that you change the shop status on the claim file in ClaimsOffice.com to **total loss or possible total loss** when uploading. This will send necessary electronic notification to PEMCO and ECS.

Obvious total losses

It isn't necessary to write a complete estimate on an obvious total loss. We'd like you to complete the administration portion of the estimate, decode the VIN, and include the odometer and license plate number. Please note in the body of the estimate, the vehicle is an obvious total loss. We need photographs as noted in the borderline total loss caption. Upload the partial estimate and photographs to ClaimsOffice.com. Again, it's important to change the shop status on the claim file in ClaimsOffice.com to **total loss** in order to properly notify PEMCO and ECS.



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