



REWARDING
RESPONSIBILITY

Perspective

NEWS AND INSIGHT FROM PEMCO INSURANCE



We'd love your feedback!
Drop us a note or send your
comments via e-mail to
perspective@pfcenter.com

PROTECT YOURSELF FROM IDENTITY THEFT

The trouble started in 2000. Rebecca B. (a PEMCO employee) and her husband filled out a credit application when they were buying a new car at a local dealership. On the form, she dutifully noted their Social Security numbers, driver's license numbers, and more. No big deal.

Except somehow — and neither the police nor the dealership understand exactly what happened — their application ended up in the hands of a seasoned identity thief who made his living sponging off other people's good credit.

For months, as bills from the thief's ill-gotten purchases mounted, Rebecca and her husband endured nasty calls and letters from creditors. She compares the hours they spent trying to clear their good name to "taking a second job" and, even now with the thief in jail, they check their credit report every three months to ensure nothing new has popped up.

Last year, the Federal Trade Commission received 162,000 identity theft complaints and ranked it as America's fastest growing crime, with Washington pegged 8th worst in the nation for identity-theft offenses (adjusted for population). Still, Rebecca's story is unusual. That's because her actions played no role in the crime. More often, identity theft occurs when people mail or discard sensitive documents from unsecured locations.

That's where you can be your own best protection:

cont. on page 4



FALL 2003:

Save money with higher deductibles 2



Are you underprotected when it comes to life insurance? . . . 2



Questions you asked us 3



STUDIES LINK DANGER BETWEEN CELL PHONES AND DRIVING

The verdict's still out, but evidence is mounting: The distraction of talking on a cell phone while driving increases your risk of an accident. The Harvard Center for Risk Analysis says phone-distracted drivers cause 6% of auto accidents in the United States. Or, put another way, those accidents account for 2,600 fatalities and 330,000 injuries annually.

Questions about cell-phone safety began popping up as long ago as 1997. That's when a study published in the *New England Journal of Medicine* analyzed the phone billing records of Canadian drivers who had been in collisions. It found their crash risk was *four times higher* when their phones were on compared with times their phones were off. That's similar to the hazard associated with drunk driving.

cont. on page 3

Nationwide, 75% of drivers report using their cell phones behind the wheel



*You can see the savings
on your next bill*

SAVE MONEY WITH HIGHER DEDUCTIBLES

If you bought your auto or home policy years ago and selected low deductibles, you may be able to raise them and save on premiums. Check your latest policy declarations. If you can afford to pay more out of pocket if you have a claim, you'll see the savings on your next bill.

For auto, we offer Comprehensive deductibles of \$50, \$100, \$200, \$300, \$500, or \$1,000. You can choose Collision deductibles of \$100, \$200, \$300, \$500, or \$1,000. The owner of a 2000 Honda Accord EX, for example, could save \$117 a year by raising a \$100 Comprehensive deductible to \$500 and \$219 by raising a \$500 Collision deductible to \$1,000. The amount you save will vary depending on a variety of factors,* but in less than five years of accident-free driving, you may save more than your deductible.

Homeowners can save up to 40% on premiums by raising a \$500 deductible to \$5,000. (Many factors determine premium, so you'll want to talk with a PEMCO representative to get the exact savings for your home.) PEMCO offers homeowners policy deductibles of \$500, \$750, \$1,000, \$1,500, \$2,500, or \$5,000.

By raising their deductibles, some policyholders can offset the cost of increasing other coverages (like Liability). A PEMCO representative can help you decide if raising your deductible is right for you — and whether or not you'd be better off pocketing the savings or using it to increase your protection. ■

*Examples are for a Seattle resident, age 25-48, who drives 14 miles to work, with a 25% Good Credit Discount. A PEMCO representative can compute your exact savings.

ARE YOU UNDERPROTECTED WHEN IT COMES TO LIFE INSURANCE?

Nearly one-third of Americans age 18 and older have no life insurance, according to a recent Roper poll. What's more, 58% of the people who do have life insurance carry an amount less than three times their annual household income, significantly less than the financial safety net many families need.

Those are the same people who wouldn't *dream* of going without adequate property or liability insurance. Yet in some ways, their life-insurance gap isn't surprising. On the road of life, you never know what's around the corner — and no one wants to think about dying prematurely from a heart attack, cancer, accident, or other tragedy.

But the truth is, talking about life insurance isn't much different from talking about auto or home insurance. You just want to cover the "what ifs" so you have fewer things to worry about.

These questions can help you decide if you need life insurance:

- Does anyone depend on me financially? If so, how much of the family income do I provide? If I were to die early, could my survivors maintain their current lifestyle? Could my spouse pay debts?

- Will my dependent children have upcoming college expenses?
- Can my family afford final expenses (funeral and legal fees)?
- Do I want to leave money to family members or charities?
- Will there be estate taxes to pay after my death?

If you already have life insurance, these questions can help you decide if you need more:

- Since I bought my policy, have I added household members who depend on me financially (e.g., more children, aging parents)?
- Has the cost of living increased substantially since I bought my policy?
- Have I taken on additional debt since I bought my policy?
- Has my household income or standard of living increased?

If you think you may need life insurance (or want to supplement the life insurance you already have), PEMCO's Life Specialists can help. Just as you worked with PEMCO to get the right auto or home coverage, PEMCO Life can help you find the right solution for your life-insurance needs.

To find out more, please call 1-877-737-LIFE (5433), contact your local PEMCO agent, or request a quote online at www.pemco.com. ■

*A financial safety net
means peace of mind to
you and your family*





CELL PHONES (cont.)

Since then, a variety of organizations have run their own studies, often in simulated driving situations and sometimes with mixed results.

While PEMCO doesn't track accidents specifically caused by cell phones, anecdotal evidence from field adjusters tells us that talking on a cell phone ranks among common accident-causing distractions like turning to talk to passengers, eating (and spilling) food, and fiddling with the radio. What's more, cell-phone distraction often comes with a "double danger" — the moments when a driver's hand is off the wheel to answer or dial a call, followed by continuous concentration needed to hold a conversation.

Like insurance companies across the nation, we're watching with interest the accident experience in states that have restricted cell-phone use in cars. Until all the facts are known, we're taking the position "Why risk it?"

We've instructed our employees to follow common-sense guidelines when using cell phones on the road. We encourage you to do the same:

- Whenever possible, avoid talking on your cell phone while driving. Instead, pull completely off the road to a safe parking area.
- If you must use a cell phone while driving, buy a hands-free model.
- Position your cell phone within easy reach.
- Keep conversations short.
- Don't answer your phone if you're driving in hazardous conditions.
- Don't allow teen drivers to use cell phones. Studies show they're 56% more susceptible to phone distractions than adult drivers. ■

QUESTIONS YOU ASKED US

I've been hearing a lot about CLUE, the database that keeps a history of insurance companies' claims. Does PEMCO use CLUE?

Yes. It's one of several tools we use to assess overall risk of new customers, helping ensure we maintain reasonable rates for all our responsible policyholders.

However, PEMCO might differ from other companies in the way we use it. PEMCO primarily focuses on the claims history of the policyholder, not the building or property itself. In other words, we don't use building or property claims as a sole reason to reject an application. Nor do we report all homeowner losses to CLUE (only those on which we pay).

Incidentally, through CLUE, PEMCO learns about unreported claims on about 25% of applications. If an unreported claim was inadvertent, we reassess the application as if the loss were disclosed originally. But if we determine the claim was intentionally not reported, that applicant isn't demonstrating the necessary responsibility shown by our customers.

Does PEMCO accept payments electronically?

Yes — two ways. You can use your bank or credit union's electronic bill-payer service. Or, you can choose our 12-month EASY-PAY Plan, which has no service fee. With EASY-PAY, your payment is transferred automatically on the same date each month from your bank or credit union account.

Many customers choose electronic payments for convenience and peace of mind. For example, there's no risk of your coverage inadvertently lapsing if you go on vacation and forget to mail your insurance premium.

To enroll for EASY-PAY, simply call PEMCO for an application. Otherwise, contact your financial institution to see if it offers an electronic bill-payer service.

If you prefer to pay monthly, we ask that you use our EASY-PAY Plan. We accept bank or credit union electronic bill-payer service payments for all other payment plans.

My good friend's car is in the shop. If I lend him my car for a week, would it be covered by insurance? If so, whose company covers it, his or mine (PEMCO)?

Yes, there's coverage — and it would be provided first by PEMCO. Even though your friend would be the one driving the car, here's the general rule: primary insurance coverage follows the car, not the driver. People need to understand that before they lend their vehicles. ■



As a general rule, primary insurance coverage follows the car, not the driver



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FALL 2003:

Save money with higher deductibles 2

Are you underprotected when it comes to life insurance? 2

Questions you asked us 3

For more helpful information, visit Consumer Tips at www.pemco.com
Read current and past issues of Perspective at www.pemco.com

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Numbers you should know

Here are the fraud-reporting lines for the three major credit agencies.

Equifax: 1-888-766-0008

Experian: 1-888-397-3742

TransUnion: 1-800-680-7289

IDENTITY THEFT (cont.)

1. **Shred, shred, shred.** Destroy paperwork that contains personal information. That includes receipts (which often show your credit card number) and preapproved credit-card offers you get in the mail.
2. **Never write passwords or PINs** on cards. Choose passwords that combine letters, numbers, and symbols. They're harder to crack.
3. **Don't give out account numbers** or other vital information unless you know the company you're dealing with. That's especially true if you didn't initiate the contact.
4. **Carry only essential cards.** Leave health-insurance cards (which often contain your Social Security number) at home.
5. **Never mail payments** from an ordinary unlocked mailbox. Drop them off at the post office or use automated payment plans.
6. **Remove incoming mail promptly** to reduce the chance it will be sitting there if a thief wanders by.
7. **Know your billing cycles.** A late statement could signal trouble.
8. **Review statements promptly.** If you don't remember a purchase, follow up right away.
9. **Use only secure sites** when buying online. They begin with "https." Take advantage of online security programs (like "Verified by Visa") offered by your bank or credit union.
10. **Lock up personal information** so roommates,

housekeepers, and other people authorized to be in your home and car can't easily access it.

11. **Get off mailing lists** for preapproved credit offers. Call 1-888-5 OPT OUT.
12. **Order copies of your credit report** once a year from the three major credit bureaus.

If you think you may be a victim of identity theft:

- Call your bank and other financial institutions with which you do business. Close accounts or stop payment on stolen checks and credit cards.
- Call the fraud departments at the three major credit bureaus.
- File a police report and keep a copy.
- Call the Federal Trade Commission at 1-877-438-4338 and ask that your name be added to its consumer-fraud database.
- Let your creditors know what happened. Keep a log about your conversations.
- Depending on the type of identity theft, notify other agencies like the Social Security Administration, the Department of Motor Vehicles, your local postal inspector, and phone and wireless companies.

To learn more about identity theft, visit the Federal Trade Commission's Web site at www.consumer.gov/idtheft and Americans for Consumer Education and Competition at www.acecusa.org/tips/items/idtheft_01.asp. ■