



REWARDING RESPONSIBILITY

Perspective

NEWS AND INSIGHT FROM PEMCO INSURANCE



YOU CAN DECREASE RISKS FOR TEEN DRIVERS

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

There's no nice way to say it: As a group, teenagers are not very good drivers. They're great people, and some are excellent drivers. But on average, their driving skills aren't the best. And do you know what? We can't expect them to be. Teenagers are *beginners*. There's a lot to learn, and only experience can teach it.

PEMCO insures only responsible people. And yet, even in families insured by PEMCO, teenagers have *three times* as many accidents as adults. And contrary to some people's perceptions, teens have two to three times as many accidents as our 70- and 80-year-old drivers. Statistically, 80-year-old drivers are better risks.

That presents a dilemma for PEMCO because we want to insure families. Entire families, not everyone *except* the teenagers. So we want to get those teenagers safely through their first years as drivers, without accidents and tickets, and keep them as adult policyholders.

Parents can make a difference. We suggest you review this teen-driving information with your child. Focus on facts you think will make a lasting impression.

Set expectations and enforce them. Here are some talking points:

Teenagers receive only four hours of required time behind the wheel during their driver training classes. There is no "intermediate" driving level. Ski slopes have a variety of runs, high-school wrestling pits athletes against one another in the same weight class, and swimmers take lessons at the "jellyfish" level until they graduate to "porpoises."

The point is, your children are beginning drivers, but you're entering them in an advanced tournament. If there

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SIMPLE STEPS CAN PREVENT SEVERE WATER DAMAGE

Did you know that water-damage threats lurk right under your own roof? Unlike nature's floods, these internal troublemakers are preventable and easy to monitor, and best of all, their onsets are predictable.

The soggy hazards in question include leaking pipes, water heaters, toilets, and washing machines. Routine leak checks and easy tests around your home can catch problems before they become full-scale waterfalls. Most small leaks can be patched with epoxy or at least minimized until you can call a plumber. The following tips should help. But one reminder before you get started: Although it sounds fundamental, be sure to shut off the water supply before attempting any pipe repairs around sinks, dishwashers, toilets, and other water-fueled appliances.

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"Easy tests around your home can catch problems before they become full-scale waterfalls"



BEWARE OF BARGAIN WINDSHIELD REPAIRS

Windshields do more than keep you out of the weather as you drive. In today's cars, they're an integral part of safety design. Passenger-side air bags deploy off your windshield, and they're designed not to pop out in an accident.

The problem is, for all the advancements in windshield

technology, they still chip, crack, and scratch. And when it comes to repairs, it's hard for the average person to tell a quality window repair from a shabby job until leaks appear or, worse yet, the windshield falls out in an accident.

Windshield repair experts say you should avoid total windshield replacement whenever possible. Instead, opt for repairs that remove the damage but leave the windshield (and its factory seal) intact. If the windshield is so damaged that it must be replaced, make sure it's done with materials and techniques that approximate factory conditions as closely as possible.

Ideally, you'll want an installer who is certified by the National Glass Association. But don't stop checking there. Talk with your local Better Business Bureau and your insurance company.

You can also ask a shop for references – the same way you might check out a contractor who's placed a bid to work on your home.

If you're a PEMCO customer, give us a call. We'll refer you to a Claims Service Representative who can give you a list of recommended glass shops in your area. Among them, PEMCO prefers Novus, Speedy, and Glaspro. (You're always free to choose any shop you want, and we can give you some background on many of them.)

You'll want to beware of shops that offer enticements such as free merchandise or meals to attract business. The cost of that "free" dinner must be made up somewhere – either by corner-cutting when it comes to the repair or over-billing. PEMCO has developed uniform pricing standards for auto-glass work to avoid price gouging and has notified glass shops throughout the state that we'll adjust the payment on any invoice that isn't competitive.

There are many good glass shops in Washington staffed with concerned, competent installers.

Investing a few minutes to find one could save you hassles in the long run and maybe even make the difference between life and death in a serious accident. ■

"You should avoid total windshield replacement whenever possible"

WHAT DID YOU GET THIS YEAR? NEW GIFTS MAY NEED NEW COVERAGE

Did you make out like a bandit this holiday season? Depending on the caliber of your gifts, you'll want to check your PEMCO property insurance policy to make sure the precious presents are covered. It will break your heart if your Dale Chihuly glass vessel breaks, melts in a fire, or ends up in the hands of a thief.

The post-holiday season is the ideal time for a crash course on insurance coverage: Even though you already have some form of property insurance, such as homeowners, condominium, or renter insurance, your specialty items may not be fully covered.

"As our lives change, our insurance needs also change," said PEMCO Senior Product Manager Pat Kari. "It's important to review your assets and insurance coverages annually."

If you currently hold a policy that covers the damage or theft of personal property, you'll have limitations on certain items. But don't worry. You'll still enjoy full coverage if you "schedule" your items as soon as possible. Scheduling is an insurance buzzword that means certain items are specifically named and covered in your homeowners' policy for a separate charge.

When you schedule personal items, your deductible is waived, and you ensure you'll be compensated for the item. Policies vary, but common gifts and other goodies include vintage musical instruments, golf clubs, fine art, and, of course, jewelry.

Check with your agent to see what kinds of scheduling will make your life easier, and enjoy your new stuff. ■



"The post-holiday season is the ideal time for a crash course on insurance coverage"

SIMPLE STEPS (cont.)

“Give hoses a good look the next time you throw in a load of laundry”



- Old water heaters can leak without warning and flood your house or garage. The greatest threat is if this happens while you're away and water lingers on floors, which can ruin beautiful hardwoods.

Consider replacing your water heater if it's more than 10 years old.

- Worn out washing machine hoses cause more than \$100 million in damage each year in the U.S. When they burst, water gushes quickly into your home in surprising volumes. Give hoses a good look the next time you throw in a load of laundry. When you take it out, check to see if any water has collected under the machine. To be safe, replace hoses every five years. A quality, high-pressure hose costs somewhere between \$5 and \$10 at most hardware and home improvement stores.

- Do the same for dishwasher and automatic ice cube-maker hoses. Simply shut off the water supply, unscrew the old hoses, and hook up new ones. Turn the water supply back on and check the hoses and connections for leaks before considering the job finished.

- Have you noticed water spots on your ceiling? It might indicate a leaky roof. Another clue is if your roof has curled or upturned shingles along its edges. Help prevent leaks by cleaning your gutters regularly, especially in the fall. Check for dislodged or missing shingles. Don't try to make a worn roof last “just one more season.”

You may not be able to control large-scale problems, but inside your own domain, all can be safe and dry with a minimum of preventive tweaking. ■

HOW TO LESSEN RISING INSURANCE COSTS

Auto insurance rates are on the rise – nationally, about 6% in 2001 – with Washington following suit. The good news is, you can take steps to help offset rising costs, and we'll explain them. But first, let's review why insurance rates go up.

Insurance rates fluctuate partially in response to costs for medical care, car repair, legal services, and disability compensation. Statistics from Olympia show how bills for those services are rising faster than inflation.

Car-repair costs. From 1996 to 2000, they climbed 18%. In 2001, they rose another 4%. Body-shop costs impact comprehensive, collision, property-damage, and uninsured motorist property-damage premiums.

Medical costs. From 1996 to 2000, fees for doctors' services rose 17%. Hospital costs rose 23%. During 2001, they increased another 4% and 7%, respectively. Medical costs impact bodily injury liability, medical payments/personal injury protection, and uninsured/underinsured motorist bodily injury premiums.

Lawyers. This sector saw the largest jump – 25% from 1996 to 2000 and another 6% in 2001. Legal bills affect liability and uninsured/underinsured motorist coverages.

Other rate factors include higher wages, more SUVs on the road (they're costlier to repair), rising auto-theft rates, and waning investment income.

So, what can you do to save money on auto insurance? Some factors are in your control.

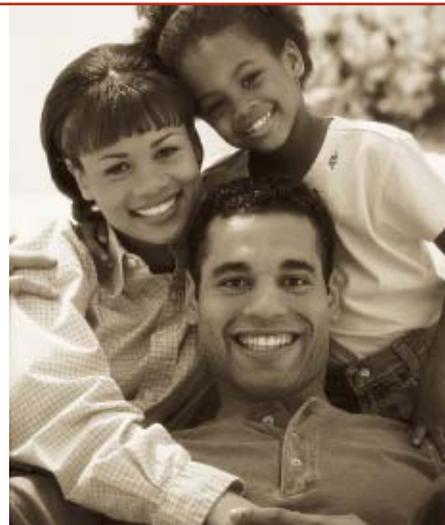
Check insurance costs before buying a new car. Some cars cost significantly more than others to insure because of their sticker value, varying repair costs, safety features, and likelihood of theft.

Raise your deductible. Bumping it from \$200 to \$500, for example, could cut your comprehensive and collision costs by 15% to 30%, while a \$1,000 deductible could save you 40% or more.

Keep your credit history clean. Recently, insurers have learned that a responsible credit history correlates strongly with responsible driving habits. Most companies now use drivers' credit scores to help set rates. PEMCO uses credit scores only to award discounts to those with good credit histories. It may be the only company in Washington to use credit scores strictly as a reward.

Grab all the discounts you can get. You'll save if you insure both your car and home with PEMCO, have air bags and alarm systems, have more cars than drivers in the household, or ride the bus or carpool to work. And, of course, you'll save if you keep a clean driving record.

If you think you qualify for a discount, ask! ■



“Check insurance costs before buying a new car”



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

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“Parents and teenagers should develop their own strategy for adding distractions one at a time”

DECREASE RISKS (cont.)

were “beginner” roads just for teenagers, painted green, with fewer hills, wider lanes, gentler turns, better lighting, and no trees, then teenagers wouldn’t have three times as many accidents as adults. (There’s now a graduated-license law in Washington, explained later in this article, so you have a little help.)

16- and 17-year-old teenagers have car accidents that fit a profile. Beginning drivers don’t have the same kinds of accidents as experienced drivers. The typical serious accident for a 16- or 17-year-old driver is a one-car accident, due to speed or inattention, where the driver loses control and hits a pole or a tree. Alcohol is typically not involved. However, one or more of these factors usually is:

- Teenage passengers
- Late at night
- Two-lane road
- Music playing
- No seat belt on

The more of those factors your children can avoid, the better their odds. Parents and teenagers should develop their own strategy for adding distractions one at a time, and for practicing months at a time before adding the next one. How soon will you allow your child to drive with

the music on? At night? With a teenage passenger? With two? How will you enforce those rules? What will you do if the rule is broken?

Your teenager will think that one month without passengers is an eternity. But for some teens, perhaps even several months might be appropriate. What will you be able to enforce?

The graduated-licensing law helps, but it’s not a complete answer. Washington’s statute went into effect July 1, 2001. It requires 50 hours of parent involvement as teens practice to get their licenses. It also prohibits young drivers from having teenage passengers for the first six months with the license, and it prohibits driving between 1 and 5 a.m.

However, it allows up to three teenage passengers after six months. This happens just at the time overconfidence tends to set in. And the law allows night driving before 1 a.m. (when many accidents occur), on any kind of road, in any weather, with music, cell phones, and other distractions. That’s a lot for any young driver to contend with.

Teen driving presents many challenges. But good parent-child communication about those risks can help lessen the danger and give you – and your teen – some peace of mind. ■