

# Insurance Briefs

Volume 1 Issue 3



## Understanding the Benefits of Insurance Scoring

Most people realize their credit affects their ability to get mortgages, car loans, and other types of debt. However, businesses use personal credit histories in many other ways. Employers use it when considering job applicants. Landlords use it to evaluate prospective tenants. Increasingly, insurance companies are using it to develop an “insurance score,” a number that reflects the quality of a customer’s credit history. The companies’ research has shown that people with good insurance scores tend to submit fewer insurance claims than people with poor credit histories. Because of the predictive value of credit history, many insurers now obtain an applicant’s insurance score during the underwriting process.

Some consumers are concerned about insurers using their credit information in this way. However, the use of scoring actually has many benefits for insurance consumers.

Insurance scoring speeds up the underwriting process. Before insurers began using scoring, underwriting decisions could sometimes take days. Internet technology allows an insurance company to obtain your score within seconds, which cuts the decision time down to just a few minutes. Many insurance agents are able to obtain a company’s approval almost instantly.

Scoring uses the facts about a person’s credit history to enable underwriters to make objective decisions. Scoring does not take into account a person’s race, nationality, gender, marital status, or other factors that the person cannot control. It focuses only on how that person has

used credit in the past. The insurance application still asks about factors such as gender and marital status, but the insurer uses those answers only to correctly classify the person and ensure that it charges the proper rate. Scoring looks only at numbers, resulting in decisions that are much fairer. People of widely differing incomes and backgrounds who have similar insurance scores are treated the same way.

Scoring recognizes that a person can make up for past mistakes. Just as he can improve his driving record by becoming a more careful driver, a person can improve his insurance score by reducing debt and making payments on time. Old mistakes lose importance as time passes; scoring gives more weight to recent actions than it does to older ones. As the score improves, the person can benefit from lower rates and more companies interested in insuring him.

Scoring also increases the availability of insurance. Many companies use different pricing “tiers,” built around specific policyholder criteria. Scoring

makes the use of tiers easier because it is an objective factor. If a company has five pricing tiers, and an applicant’s score is too low to qualify for the best one, the company might be able offer insurance to that person in one of the other tiers. It gives companies alternatives to simply rejecting the application.

Because scoring is an automated process, it makes the underwriting process more efficient for insurers. This

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**The companies’ research has shown that people with good insurance scores tend to submit fewer insurance claims than people with poor credit histories.**

## Welcome to the Interstate Insurance Agency Newsletter!

*It is with great satisfaction that we bring this newsletter to you. In this issue and in coming months, we will discuss pertinent insurance topics which may affect you and your family. We sincerely hope that you will find this newsletter informative and please do not hesitate to contact us should you have any questions or needs.*

Representing



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# John's Corner

Is it spring yet? After our cold, snowy, gray and wet winter, we deserve some sunshine and warmer temperatures and we hope you and your families can get out and enjoy our great Pacific Northwest this summer. With that in mind we're including a couple of articles in this edition dealing with some of your favorite summer activities: boating and yard sales.

We also have some staff news for you: As I mentioned in our last newsletter our long time receptionist Kay Den retired after 11 years. She's doing just fine (although recovering from a fairly serious ankle injury) and I want to thank you that have called and asked about her. We could never replace Kay, she was like a part of our family but are we are very pleased to introduce to you our new team member, Camra Hooper. Some of you have already spoken to her on the phone or met her here at the office. Camra has experience working with insurance companies with an extensive background in the auto body repair business. She's very organized, a quick learner and pretends to understand my sense of humor so – so far, so good!

Another thing Camra will continue to help us build on is technology. We can more effectively manage your policies and service your particular insurance needs by adding technology pieces and improving our business operation procedures. What does this mean to you? It means we can spend more time reviewing your insurance policies, talking to you on the phone, corresponding via newsletters and emails and helping out your referrals. It means we can continue to improve to do what we've always promised: Provide you with outstanding customer service and do whatever it is we can to help you survive (and thrive) in this challenging economy. It means we can serve you better!

Of course we encourage your feedback. Thank you for those of you who have called or emailed and asked for a policy review. It's a quick and simple way to find out if you are taking advantage of all of our discounts and carrying the proper coverage amounts. We're easy to reach: 206-542-3195, 425-745-1463 and toll free 1-888-542-3195. And please, if you haven't done so already please send me your email address and put mine in your address book: [johnrousey@msn.com](mailto:johnrousey@msn.com). I like sending out free prizes when people email me so you never know...

And finally, thank you for talking about Interstate Insurance Agency. We've gratefully received 22 referrals in the first quarter of the year and some of you have referred multiple times. We're rewarding you with the gift cards, the \$50 Visa Cards and we're doing the 32" flat screen grand prize just like last year. Tell a friend, relative, neighbor or associate to call Interstate Insurance Agency and when they call and tell us who sent them (don't worry, we'll ask) you WIN!

Good luck to all of you and "THANK YOU" for your business!

- John Rousey



## Yard Sales Can Be Risky Endeavours Without Enough Coverage

One of the favorite rituals of the spring season is the yard sale. Homeowners love them because they change cleaning from a dreaded chore into a profitable enterprise. However, the whole experience can quickly turn into a nightmare should someone slip and fall, and you are considered legally liable. That's why it is necessary to know exactly what your homeowner's insurance covers before you tag the first piece of merchandise.

The standard homeowner's policy provides you with \$100,000 liability coverage for bodily injury or property damage that you or your family members cause to other people. This coverage extends to both the cost of defending you in court and any judgments against you, up to the limit of your policy.

Another feature of the liability protection provided by your homeowner's insurance is the no-fault medical cov-

erage. This is designed to permit a person who is injured on your property to submit their medical bills directly to your insurance company, eliminating the need for a lawsuit. Most policies include between \$1,000 to \$5,000 worth of no-fault medical coverage.

Of course, we live in a society that loves any opportunity to sue, so it may be wise to add to your liability protection. As a first step you can increase the amount of liability coverage provided by your homeowner's policy to \$300,000 or \$500,000. For additional protection, you need an umbrella or excess liability policy. This type of coverage typically costs between \$200 to \$350 per year for \$1,000,000 of additional liability protection.

The Insurance Information Institute (I.I.I.) offers the following list of points you should consider about insuring your yard sale:

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# Ensure Your Boating Experience Is a Real Pleasure Cruise



Published reports from the U.S. Coast Guard show that boating deaths and injuries increased for the second consecutive year in 2006. Aside from the disturbing trend in boating deaths, the biggest change was actually in the amount of property damage, \$43 million in 2006 as compared with \$38 million in 2005.

These statistics should serve as a powerful reminder to all watercraft owners to review their insurance coverage. Owners of canoes, small sailboats, and small engine powerboats generally have limited coverage for physical damage included with their homeowner's insurance policy, but liability coverage has to be added as a policy endorsement. Physical damage coverage is typically equal to 10 percent or less of their home's property value. If you find the coverage limits offered by your homeowner's policy to be insufficient, you'll likely need a separate boat insurance policy.

Since no coverage exists under a homeowner's policy for larger boats, yachts, jet skis and wave runners, a separate boat insurance policy is a must. Coverage for physical damage includes the hull, machinery, fittings, furnishings and permanently attached equipment up to pre-determined amount. Such policies also provide additional protection for:

- Injuries to another person
- Damage to someone else's property
- Legal expenses incurred by someone using the boat with the owner's permission
- Injuries to the boat owner and other passengers

Even though you may have solid insurance coverage, the Insurance Information Institute (III) offers the following suggestions to help you avoid having to file a claim:

1. Check weather forecasts before heading out.
2. Let someone know where you're going and when you expect to return.
3. Check engine, fuel, electrical and steering systems, especially for exhaust-system leaks.
4. Carry one or more fire extinguishers, matched to the size and type of boat. Keep them readily accessible and in condition for immediate use.
5. Equip the vessel with required navigation lights and with a whistle, horn or bell.
6. Don't overload. Distribute weight evenly.
7. Don't stand up or shift weight suddenly in a small boat; and don't permit riding on the bow, seatbacks or gunwales.
8. Be sure you bring paddles or oars, a first-aid kit, a supply of fresh water, a tool kit and spare parts, a flashlight, flares and a radio.
9. Make sure that every person on board wears a life jacket.
10. Never operate a boat while under the influence of alcohol or drugs.

## continued from page 1...Understanding the Benefits of Insurance Scoring

lowers their costs and allows them to charge lower rates. Also, because it allows insurers to more accurately predict losses, they can control their losses and keep their rates lower.

Studies have shown that most people have good credit scores. Because of this, most people benefit from insurance scoring. They pay lower rates for home and

auto insurance than they would otherwise. People who want to earn better rates can more easily fix their credit history than they can fix their driving records, which generally keep traffic violations for at least three years. Scoring gives insurance companies another tool to ensure their rates are fair, so that customers more likely to file claims pay more for their insurance.

## continued from page 2...Yard Sales Can Be Risky Endeavours Without Enough Coverage

- One-Time Event - Yard sales that are one-time events for the sole purpose of selling unwanted personal items are usually covered under a standard homeowner's policy. However, it is important to have enough coverage, so be sure to check with your insurance agent.
- Frequent Yard Sales - If you plan to have frequent yard sales, you should purchase a separate policy

for business liability, or an in-home business policy.

- Charity Fund Raiser- If the purpose of the sale is to raise money for a charity; you will probably be covered under your homeowner's insurance policy. But it's also a good idea to contact the charity to see what type of insurance protection they can extend you.

# We LOVE Referrals!

**Thank You! Thank You! Thank You!**

**Many thanks to all of you for your recent referrals:**

Hirut Abraham  
Tim Ghezzi  
Chy Kristensen  
Viktoriya Otto  
Judy Wilde

Cameron Cavette  
Kelly Gries  
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David Oziel  
Heather Winter

Phil Chang  
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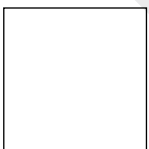
**Congratulations to our \$50 Visa Card WINNER – Cameron Cavette!**

For each referral, you win a complimentary gift card and are entered into our drawing for a **\$50 Visa Card**.

You will also automatically qualify for our **GRAND PRIZE DRAWING** in December – **A 32” FLAT SCREEN TV!** Remember, the more you refer the greater your chances of winning!

It's the **2009 Interstate Insurance Great Giveaway!** Feel free to call for more details!

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