

WE'RE A LOT LIKE YOU.  
A LITTLE DIFFERENT.



# Perspective

NEWS AND INSIGHT FROM PEMCO INSURANCE



## RECENT CATASTROPHES UNDERSCORE THE NEED TO UPDATE HOME INSURANCE

*We'd love your feedback on Perspective! Drop us a note or send your comments via e-mail to [perspective@pemco.com](mailto:perspective@pemco.com)*

You don't know what you've got till it's gone. For hundreds of homeowners, that old saying took on new meaning after the California wildfires. Although most had homeowners insurance, many found that their coverage — which hadn't been updated to account for inflation or home improvements — fell short of paying the entire costs to rebuild their fire-ravaged homes.

### The underinsurance epidemic

Insurance consultant Marshall & Swift/Boeckh estimates that 58% of homes nationwide are underinsured by an average of 21%.

Many factors — from the remodeling boom to rising commodity prices for lumber and copper pipe — have created a gap between rebuilding costs and insurance coverage. Further complicating matters, some policyholders are unaware of a change in the

way the insurance industry defines “replacement coverage.” (See box on page 4.)

### Partners in protection

When you bought your policy, your agent wrote notes on everything about your home — from its roof to its floor coverings — before estimating its reconstruction value. That amount is shown under “Coverage A” on your policy's Declarations Page as the limit your policy will pay to rebuild your dwelling. Your policy also automatically includes 5% of that amount for debris removal and 10% for updates needed to comply with current building codes.

But homeowners insurance isn't a “set it and forget it” purchase. It's an ongoing partnership.

Since nobody knows your home better than you do, you'll want to call PEMCO whenever you make

*cont. on page 4*

## SPRING 2008:

*Repair beats replacement for windshield safety... 2*



*Modified cars pose hidden risks... 2*



*Even the young and healthy need life insurance... 3*



## WHO'S ASLEEP AT THE WHEEL? (HINT: IT'S NOT WHO YOU THINK)

Year after year, more than half of adults admit to occasionally driving drowsy when asked by the National Sleep Foundation (NSF) in its “Sleep in America” polls.

But the real eye-opener is *who* is most likely to nod off somewhere between “Drive” and “Park”: Two-thirds of all drowsy-driving crashes involve people under age 30 — with males outnumbering females by five-to-one.

Sleep deprivation is the likely cause.

NSF researchers say that teens and 20-somethings miss out on sleep owing to a combination of sleep patterns (younger people naturally tend to be more alert late



*cont. on page 3*

## REPAIR BEATS REPLACEMENT FOR WINDSHIELD SAFETY

*Opt for repairs that mend the damage but leave the windshield's factory seal intact*

When you think about high-tech innovations in automotive design, windshields probably don't come to mind. But that seemingly simple sheet of glass between you and the road isn't so simple anymore.

Today's windshields are an integral part of vehicle safety systems. Many now include built-in antennas, heads-up instrument displays, and sensors to activate wipers or close convertible tops.

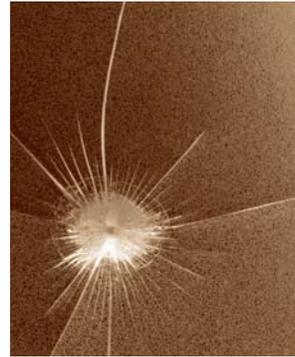
Unfortunately, for all their advancements, windshields still are no match for a flying rock. One day, you'll likely face the choice between repairing or replacing a windshield.

Safety experts recommend you avoid total windshield replacement whenever possible. Opt instead for repairs that mend the damage but leave the windshield's factory seal intact. The seal holds the windshield in place during a crash and helps ensure airbags deploy correctly.

Laminated safety glass can be repaired by injecting a specially formulated plastic resin into the damaged area. The resin is then cured with ultraviolet light and polished to restore structural strength and clarity to the glass.

Quality glass shops can repair about 70% of the windshields they inspect. (Novus, for example, advertises that it can usually repair a windshield if the damage is small enough to be covered by a dollar bill.)

If your windshield must be replaced, make sure your installer is certified by the National Glass Association.



You'll also want to check with the Better Business Bureau and ask for references — the same way you might check out a contractor who's placed a bid to work on your home.

Your PEMCO coverage applies regardless of the glass shop you choose. If you'd like help in finding a quality shop near you, call us 24 hours a day from anywhere in the United States or Canada, 1-800-GO-PEMCO (1-800-467-3626). ■

## MODIFIED CARS POSE HIDDEN RISKS

Whether they're high, low, loud, fast, tinted, or sporting an air scoop big enough to suck up a suitcase, modified cars turn heads. Too often, though, their wow factor comes at the expense of safety.

Car manufacturers spend millions on design and testing to ensure a car's safety systems work together flawlessly before it hits the showroom floor. Aftermarket replacements that change a vehicle's height, wheel weight, and engine performance compromise the engineering — sometimes with tragic results.

Before you buy a modified car — or think about tricking out the vehicle you already own — PEMCO urges you to consider the risks.

•**Big-wheel, low-profile tires.** Edmunds.com recently asked some auto-industry experts to comment on big-wheel safety. Among their concerns:

- Low-profile tires allow the jostle of a rough road to pass on to the chassis. You can hit a pothole and flatten a tire, bend a rim, or even damage the suspension.
- Handling during evasive maneuvers becomes unpredictable.
- Added wheel weight impacts acceleration, braking, and traction, and results in extra wear and tear on tires and brakes.
- Changing wheel height throws off onboard computers, including speedometers, antilock brakes, and stability control.

•**High-rise trucks.** A study by the American Association of Motor Vehicle Administrators pegged jacked-up trucks as unstable, difficult to brake, and prone to rollovers. In braking tests, a modified Ford F-150 rolled over 40% of the time compared with 10-20% for an unmodified version. Braking performance plummeted 20-25%.

High-rise trucks' bumpers make them especially dangerous in crashes with standard passenger cars, because they override — rather than align with — car bumpers, causing extensive body damage. Also, their higher headlights can blind both oncoming vehicles and drivers in front of them, with glare 10 to 20 times worse than recommended levels.

•**Tinted windows.** By reducing the visible light transmitted through a car's windows, tinting films significantly block the sun's heat and damaging UV rays. Unfortunately, they also make it harder for drivers to see, especially at night. And just as important, other people can't see in — including police officers, pedestrians, and bicyclists who often need to make eye contact to understand a driver's intentions.

If you have questions about the safety of a modified car that you or your children are thinking about buying, visit a manufacturer-certified mechanic to discuss its roadworthiness. And before you hand over the cash, call your local agent or a PEMCO representative. Modified cars often cost more to insure, and some are ineligible for coverage. ■



## EVEN THE YOUNG AND HEALTHY NEED LIFE INSURANCE

For the many young and healthy people who put off buying life insurance, the Life and Health Insurance Foundation for Education offers a sobering statistic: Men ages 35 to 65 have nearly an 18% probability of dying. At 11%, the number is only slightly less worrisome for women.

Granted, nobody wants to think about dying prematurely. But if the unthinkable does happen, it can leave a breadwinner's or caregiver's survivors scrambling to make ends meet. MetLife surveyed 1,000 people who had lost a spouse aged 30 to 55 in the past five years. Only 28% said their spouses had adequate life insurance coverage. Two-thirds reported the death had either a "devastating" or "major" financial impact on their families.

Having life insurance is about much more than money, though. It can make a real difference in a survivor's ability to cope emotionally, says PEMCO Life Claims Administrator Leslie Wirick. She relays the story of a woman who lost her non-smoking husband to lung cancer at age 54. No longer wanting to live in a house

filled with memories, she used the benefits from his PEMCO life insurance policy to help buy another home (mortgage-free) and give herself a fresh start. "Being able to get into a new home was a huge step in helping her move forward with her life," said Leslie.

Regardless of your age, you'll want to think about buying life insurance if you answer "No" to any of these questions:

- Could my survivors maintain their current lifestyle if they lost my income?
- Could my spouse afford to hire someone to replace the childcare and housekeeping contributions I make to our family?
- Could my elderly parents get by without my financial or caregiving support?
- Will my dependent children have the financial resources to pay college expenses?

For a no-obligation life insurance consultation, please call 1-800-GO-PEMCO, your local PEMCO agent, or visit [pemco.com/life](http://pemco.com/life). ■



### ASLEEP AT THE WHEEL (continued)

at night, meaning they often go to bed too late to get all the sleep they need on weekdays), schoolwork demands, part-time jobs, extracurricular activities, and late-night socializing. The average high school senior sleeps just 6.9 hours on weeknights — far short of the optimal nine hours needed on weeknights by people that age, as recommended by the NSF.

That's a sobering thought when you consider that, according to the NSF, being awake for 18 hours produces driving impairment equal to having a blood alcohol level of .05 (.08 is legally drunk!)

Other groups at high risk for drowsy driving include night-shift workers, long-haul truckers, people with untreated sleep disorders, and those with chronic insomnia.

So how can you tell if the young people in your life are so bleary-eyed that they're a danger to themselves and others on the road? The NSF tells parents to watch for a child who:

- must be awakened for school (usually with difficulty)
- sleeps two or more hours later on weekends than on school nights
- relies on caffeinated beverages in the morning to wake up or consumes two or more during the day, and
- naps more than 45 minutes regularly.

Good sleep habits (a regular bedtime, no TV or other electronics in the bedroom, and no caffeine after lunch) combined with learning to say "no" to sleep-robbing overcommitments can help reduce the risks. ■

#### It's enough to keep you up at night

Driver fatigue causes 100,000 accidents a year and kills more than 1,550 people, according to the National Highway Traffic Safety Administration.

## QUESTIONS YOU ASKED US

### What's the requirement for the new Boater Education Card, and who needs one before we take out the boat this summer?

As of Jan. 1, 2008, Washington boaters ages 12-20 must pass a boating safety course or an equivalency exam before operating a motorized vessel of 15 horsepower or greater. The law is being phased in for older age groups each year through 2014, when everyone born after 1954 must be in compliance. Boaters born in 1954 and earlier are exempt.

You can take a classroom, online, or home-study course. Once you've completed it, you'll need to fill out an application form and submit it to the Washington State Parks and Recreation Commission along with \$10 and a copy of your course-completion certificate. You'll receive your card by mail in about six weeks. For more information, call (360) 902-8844 or visit [parks.wa.gov/boating](http://parks.wa.gov/boating). ■

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

*Read current and past issues of  
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### FAST FACT

Although they're a homeowner's worst nightmare, total losses (like the homes destroyed by the California wildfires) are rare, making up only 2% of all insurance companies' claims.

### UPDATE HOME INSURANCE (continued)

changes to your home. Even something as simple as replacing vinyl floors with hardwood potentially can leave a home underinsured. And a project as significant as a major kitchen remodel, new bathroom spa, or deck addition almost surely will raise a home's value beyond the amount listed on the policy. With a heads-up from you, we can make sure your remodeling investment is protected right from the start.

But as with any good partnership, PEMCO doesn't expect you to go it alone. We also proactively call policyholders to offer periodic policy reviews aimed at catching gaps in coverage and ensuring customers' protection is up-to-date.

#### Two more ways PEMCO has you covered

PEMCO keeps track of what's going on in the local construction industry. As part of our "Value Up" program, we automatically increase coverage for your home's structure each year to keep pace with costs for labor, materials, and debris removal.

For extra peace of mind at minimal cost, PEMCO also offers an Extended Replacement Shield (available for most homes), which adds 25% to the declared value on the policy. Following catastrophic

events where many homeowners are impacted (such as a windstorm), the price of labor and building materials tends to increase because of heightened demand. The additional 25% is intended to cover those costs.

#### We're here to help

If you think your home may be underinsured, please call your agent or a PEMCO representative today. He or she will use our latest tools to help you determine the current value of your home and get you the coverage you deserve. ■

#### DEFINING 'REPLACEMENT COVERAGE'

Twenty years ago, many replacement-cost homeowners policies fully covered the costs of rebuilding homes from scratch, regardless of the value stated on the policy. Today, faced with skyrocketing costs, most insurers (including PEMCO) cap coverage at a certain percentage above the policy's value or offer customers the option to buy an endorsement extending coverage. Even with those extras, homeowners always should insure their homes for 100% of their replacement value.



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## HOW SAFE ARE YOU ON THE ROAD AND AT HOME?

PEMCO has again commissioned a statewide poll to learn about the habits of Washington drivers and homeowners. Conducted by FBK Research, the poll covers topics such as driving distractions, identity theft, and how tolls might change commuting patterns. Want to know how your answers compare with others? Simply go to <http://survey.pemco.com> and follow the prompts.



## SHARE A GOOD THING WITH A FRIEND!

If you're a proud PEMCO customer, give your friends a chance to enjoy the same great protection and service. Refer your friends to PEMCO!



### YOU SHOULD:

1. Tear off one of the cards.
2. Give the card to your friend(s).

### YOUR FRIEND CAN:

1. Call now, *or...*
2. Go online now, *or...*
3. Call or go online later, when it's convenient.



*share a good thing*

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Online: **[www.pemco.com](http://www.pemco.com)**

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Visit: **Contact your local PEMCO agent**



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