

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



Perspective

NEWS AND INSIGHT FROM PEMCO INSURANCE



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

DEVELOP A FAMILY EMERGENCY PLAN

This year, make a New Year's resolution that could save your family's life. Create a family emergency plan and practice it.

Emergencies inside your home.

If your home caught fire tonight, would every family member know how to get out safely? Make sure with a plan, and hold family fire drills every six months:

- Find **two escape routes** from every room, especially bedrooms. Teach kids always to sleep with the bedroom door closed (fire takes 10-15 minutes to burn through a wooden door, buying extra time to escape) and never open a door if it feels hot.
- Make sure **windows can be opened quickly** and that there's a roof or drop-down fire ladder to climb onto.

- Set a **safe meeting place** outside (like the mailbox or a streetlight) so you can account for all family members. Tell everyone **NEVER to go back** inside a burning home.
- Make sure everyone knows how to **dial 9-1-1**.

Natural and man-made disasters.

The Northwest is no stranger to windstorms, flooding, earthquakes, and man-made calamities like chemical spills. Make sure your family could cope on its own without basic services like water, gas, and electricity for a few days. The American Red Cross suggests you:

- Choose a **meeting spot outside your neighborhood** where family members can gather in case they can't return home. Everyone should know the location's phone number and address.

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AMERICANS AREN'T DOING ENOUGH TO PREVENT AUTO THEFT

Despite a decline in auto theft nationwide (including Seattle's 2008 departure from the nation's top-10 list of auto-theft hot spots), a recent survey shows that Americans still sometimes virtually hand the keys to would-be auto thieves and smash-and-grab artists.

Drivers' top sins: nearly half leave mail in their vehicles, and one-quarter leave purses or wallets, attracting both common crooks and more-sophisticated identity thieves.

One-third of survey respondents admitted leaving their cars running unattended and 47% said they sometimes park in poorly lighted areas, both behaviors known to attract car thieves.

cont. on page 3

2008 TOP PICKS AMONG WASHINGTON CAR THIEVES
(They're not the pricey new models you'd expect!)

- Honda Accord, 1992**
- Honda Civic, 1995**
- Toyota Camry, 1989**
- Acura Integra, 1994**
- Saturn SL, 1993**

Source: National Insurance Crime Bureau

UMBRELLA POLICIES AREN'T JUST FOR MILLIONAIRES



For more information, talk with your local PEMCO agent or call 1-800-GO-PEMCO (1-800-467-3626).

To put a twist on the old song, half-a-million bucks ain't what it used to be. Yet, it's still the maximum liability limit available on most insurance companies' auto and homeowner policies – the same as it was in 1983!

In today's litigious world, ordinary people all too often find themselves caught off guard by whopping jury awards and medical costs that exceed their policies' liability limits, putting their assets and future earnings at risk. An umbrella policy, which adds an extra \$1, \$2, or \$3 million of liability protection on top of existing coverage, can cover claim costs once thought unimaginable.

So who needs an umbrella policy?

As strange as it sounds, what you own may not be the only predictor of whether or not you need extra coverage. Simple everyday circumstances can multiply your chances of being sued.

Your risk increases if you travel or entertain a lot, host frequent playtime for neighborhood children, serve on a volunteer board (without directors' insurance), expect

an inheritance someday, or are early in your career with years of earning ahead of you. Even a campfire that flares and touches off a forest fire can put you at risk.

For most people, though, young drivers are the biggest concern. Crash rates per mile driven for teens are four times that of drivers 20 and older, with parents being held responsible for damages. And, under the state's Family Car Doctrine, even parents of adult return-to-the-nest children can have their assets taken if that child is responsible for a serious accident while driving a family owned vehicle.

What's it take to get an umbrella policy?

Depending on where you live and your assets, a \$1 million policy could start as low as \$125 a year. Requirements and coverage vary from company to company, and to qualify for umbrella insurance with PEMCO, you must have both your auto and home insurance with us. Your auto liability limits must be \$500,000/\$500,000 for bodily injury and \$250,000 for property damage. You also must carry homeowner liability limits of \$500,000. ■



DOG BITES ACCOUNT FOR ONE-THIRD OF HOMEOWNERS CLAIMS

Not to take anything away from Lassie or Benji, but for some people, dog ownership comes with a price far greater than Milk-Bones® and an occasional trip to the groomer. The Insurance Information Institute recently released figures showing that costs for dog-bite claims nationwide grew 10.5% between 2006 and 2007 (the latest data available). Claims totaled \$356.2 million in 2007, averaging \$24,511 each. Dog bites account for one-third of all homeowners insurance claims.

The Institute said that the number of dog-bite injuries has remained stable over the past three years. The rising costs can be traced to increased medical expenses as well as higher jury awards for victims.

Reflecting the trend, some insurers now ask owners of certain breeds to sign liability waivers for dog bites.

PEMCO doesn't take a blanket approach to providing liability coverage for any breed of dog. We insure responsible people and underwrite each risk individually.

Breed is only one factor we consider in addition to training, socialization, gender, whether or not the animal is spayed or neutered, and how the dog is confined. We look at the level of control maintained by the owner and his or her experience and claims history.

We also defer to the Humane Society, American Veterinary Association, and American Kennel Club in more-closely scrutinizing larger breeds they characterize as more aggressive.

When it comes to home security, however, PEMCO agrees with Insurance

Information Institute Vice President Loretta Worters, who urges consumers to use deadbolt locks and security systems — rather than watchdogs — to protect their homes from burglars. With those measures, you'll even earn a discount on your insurance premium. ■

THE BITING NEWS

The Seattle Animal Shelter tracks the number of most popular licensed breeds and maintains bite statistics for each. Here are the top five licensed breeds listed by bite incidents in 2007:

	Percentage of bite incidents	Percentage of all licensed dogs
Pit bull	22%	4%
Labrador retriever	12%	18%
German shepherd	5%	6%
Golden retriever	0%	6%
Poodle	0%	3%

Source: *The Seattle Times*

FAST FACT

More than 4.7 million people are bitten by dogs annually, with 800,000 injuries severe enough to require medical attention. 60% of dog-bite victims are children.

Source: *Centers for Disease Control; ABC News.*

BE CARBON-MONOXIDE SMART WHEN SAVING ON HEATING COSTS

With winter heating costs poised to climb to record levels, it's no surprise that many homeowners are looking to wood and other alternative heat sources to trim their energy bills. The Washington State Patrol and State Fire Marshal remind homeowners to beware of the dangers of carbon monoxide when using gas-fired and wood-burning units.

THREE CHEAP HEAT-SAVERS

Regardless of how you heat your home, these tips can help you trim your bill safely.

Install a programmable thermostat that automatically turns up the heat only when you're home. You can save 5% to 15% on your heating bill by turning your thermostat back 10 to 15 degrees for eight hours.

Change furnace filters monthly (or according to manufacturer's instructions) during the heating season. Your furnace won't have to work as hard.

Block drafts under doors and replace worn weather stripping around windows.

Carbon monoxide is a colorless, odorless toxic gas created by incomplete combustion. Each year, about 480 people die from carbon monoxide poisoning and another 15,200 are sickened with symptoms that can mimic the flu.

Follow these tips to keep your family safe:

- Have fuel-burning appliances, furnaces, venting, and chimney systems checked annually by a qualified professional. That's especially important if it's been awhile since you've fired up your woodstove.
- Install carbon monoxide alarms outside every bedroom and on every floor of your home according to the manufacturer's instructions. Because carbon monoxide gas is lighter than oxygen (so it rises), placement on the ceiling or high on a wall generally is best. Replace your carbon monoxide detectors every five years.
- Never use cooking ranges or ovens in place of central heating.
- Never use charcoal grills, hibachis, or generators inside your home or garage (even if the door is open). ■



QUESTIONS YOU ASKED US

For years, I've read that smart consumers should buy term — not whole — life insurance. Does PEMCO agree?

Not necessarily. Owing to changing lifestyles, we'd suggest that more people should consider whole life. More about that in a moment, but first some definitions.

Term insurance provides protection for a fixed amount of time (that's how it gets its name "term") and pays only if the insured person dies during that time. Think of it as renting a safety net for a specific period to cover costs that eventually could go away, like a mortgage or college expenses for the kids. Term life has the lowest premiums for the most coverage over the short haul, but it can become very expensive at older ages.

Whole or permanent life doesn't expire as long as you pay your premium (it gets its name because it lasts your "whole" life). It usually builds cash value that you can access as an alternative to a death benefit. It costs more than term, especially in the beginning, but can be the best value if you need coverage for your entire lifetime.

In today's social and economic climate, we're finding that some of the expenses that people assumed would go away actually have not. Many now carry mortgages into retirement. They're also caring for elderly parents while still having adult children under their roofs. For people like them, whole rather than term life can be a better choice.

For a no-obligation life insurance consultation, please call 1-800-GO-PEMCO, ext. 2303, your local PEMCO agent, or visit www.pemco.com/life. ■

AUTO THEFT (continued)

To keep crooks' hands off your car, the experts at LoJack, a leading maker of stolen vehicle recovery systems, recommend "layering" protection, starting with low- or no-cost common sense habits:

- Never leave a key in or hidden on your vehicle.
- Close and lock all windows and doors.
- Park in well-lighted areas.
- Keep your vehicle in your garage at home.
- Never leave valuables in your car.
- Don't get out and leave the car running (including driveway warm-ups).
- Install an audible alarm.
- Use a visible deterrent device like a steering wheel lock.
- Install a smart key or fuel cut-off device.
- Install a vehicle tracking system to aid law enforcement in getting your car back if it's stolen. ■

FAST FACT

Auto theft in the Seattle metropolitan area has dropped in recent years largely because of law enforcement's use of bait cars, tougher sentencing, and crackdowns on repeat offenders. Yakima, however, remains an auto theft hotbed (given its population), ranking No. 9 nationally.

Sources: King County Prosecutor's Office, April 2008; National Insurance Crime Bureau

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

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EMERGENCY PLAN (continued)

- Ask an **out-of-state friend to be your “family contact.”** Often, it’s easier to call long distance after a disaster than it is to call locally. This person would act as a go-between so far-flung family members can leave messages for each other.
- Teach family members how and when to **shut off utilities** like water, gas, and electricity. They also should know where to find and how to use a **fire extinguisher**.
- Put together an **emergency kit** with supplies for all family members and pets. See the list at right. ■

Suggest an article for Perspective

Is there an insurance topic you’d like us to cover in *Perspective*? Whether it’s something you’d simply like to know more about or a consumer tip for fellow readers, we’d love to consider it for a future issue! Please e-mail your ideas to perspective@pemco.com.

TOP 10 THINGS TO KEEP IN YOUR EMERGENCY KIT

In backpacks and plastic bins stored near a doorway (think hallway coat closet or utility room), pack these essentials, which you could stuff in your car at a moment’s notice:

- 1. Three days’ worth of food and water.** One gallon of water per person, per day (for drinking and basic sanitation). Choose easy-to-prepare foods like canned soups, tuna, and juice; granola bars; instant noodles; and peanut butter. Rotate with food from your pantry so your stash doesn’t get stale. Include food for your pets, too.
- 2. Medicine.** One week’s supply of all your family’s prescription and non-prescription medications (rotate these). Include hygiene supplies, too.
- 3. Cash.** ATMs get drained quickly in emergencies and, without electricity, neither they nor your credit or debit cards will work.
- 4. Flashlight.** One for each family member, plus extra batteries. Make sure one is the type that you crank to recharge.
- 5. Blankets or sleeping bags.** Critical if you must sleep in your car or at an emergency shelter.
- 6. Sturdy shoes, rain poncho, and a change of clothes** for each family member. Include leashes for pets.
- 7. Basic first-aid kit.** Bandages and antibiotic ointment, tweezers, aspirin, antacid, and antihistamine.
- 8. Photocopies of important papers** like insurance policies, driver’s licenses, birth certificates, and contact numbers for relatives.
- 9. Cell phone and charger** or prepaid phone cards.
- 10. Toilet paper, duct tape, and baby wipes.** You’ll be glad you brought these!

AN ACCIDENT TIMETABLE: WHAT TO DO AND WHEN

This timetable can help you through the adrenalin-charged moments following a fender-bender.

THE FIRST FIVE MINUTES:

Stop your car. Keep your cool. Focus on safety.

Find out if anyone is hurt. If so, call 9-1-1 immediately.

Move your car to the side of the road, if possible. You'll reduce the chance that another car will run into you. Stand aside, well away from traffic.

Call the police to report the accident.

THE NEXT 20 MINUTES:

Exchange information. Focus on facts, not fault.

Even the coolest of heads get rattled after a car accident. It's best to not comment on fault (even if, initially, you think you might be to blame), until you've had a chance to settle down and reflect. Let the police and insurance companies sort it out.

YEAR, MAKE, AND MODEL OF THE OTHER CAR

LICENSE PLATE NUMBER

DRIVER'S NAME

DRIVER'S LICENSE NUMBER

DRIVER'S ADDRESS

DRIVER'S HOME/WORK PHONE NUMBERS

NAME, PHONE NUMBER, AND ADDRESS OF REGISTERED OWNER (IF DIFFERENT FROM DRIVER)

INSURANCE COMPANY AND POLICY NUMBER

NAMES, ADDRESSES, AND PHONE NUMBERS OF PASSENGERS IN THE CAR

NAMES, ADDRESSES, AND PHONE NUMBERS OF WITNESSES



Remember to stay calm and focus on the facts, not fault.

THE FINAL 10 MINUTES:

Talk with police. Record scene details. Snap a photo.

GET THE POLICE OFFICER'S NAME, THE POLICE DEPARTMENT WHERE HE OR SHE IS BASED, AND A REPORT NUMBER IF ONE IS COMPLETED.

NOTE DETAILS INCLUDING THE TIME, STREET NAMES, DIRECTION OF TRAVEL, SPEED OF VEHICLES INVOLVED, AND ROAD CONDITIONS.

If you have a camera, stand clear of traffic and snap a photo of the scene.

FROM A SAFE PLACE, AWAY FROM THE SCENE:

Call PEMCO. File a Vehicle Collision Report if required.

- Call 1-800-GO-PEMCO 24 hours a day. We're here to make things right again.
- Visit your local police station or go online to download a State of Washington Vehicle Collision Report. Unless a police officer made a report at the scene, you must complete one if anyone was injured or damages appear to exceed \$700.

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