



REWARDING
RESPONSIBILITY

Perspective

NEWS AND INSIGHT FROM PEMCO INSURANCE



TIPS TO AVOID DRIVER FATIGUE

You'd never slide behind the wheel after enjoying a few cocktails. But how many times have you hit the road after (yawn!) pulling a double shift at work, taking a long flight, or losing a battle with insomnia? Drowsiness can have the same effect on driver performance as drinking.

Research by the National Sleep Foundation (NSF) shows that a person who hasn't slept for 24 hours drives about as well as someone with a blood alcohol concentration of 0.10 — well over the legal limit in Washington!

Six out of 10 adults admitted to drowsy driving in the NSF's 2005 "Sleep in America" poll. The risk is highest at night and during mid-afternoon among people (especially men) under age 26, shift workers, commercial drivers, and people with untreated sleep disorders or short-term or chronic sleep deprivation. Drivers tend to fall asleep more on long, high-speed rural highways and interstates.

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ASLEEP AT THE WHEEL?

Drowsiness can sneak up on you, especially as your body's internal clock adjusts to fall's shorter days. These signs tell you it's time to pull over:

- Heavy eyelids, frequent blinking, or trouble focusing
- Yawning
- Not remembering the last few miles you've driven
- Missing exits
- Drifting in your lane.

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

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BEWARE OF USING HEALTH INSURANCE TO PLUG GAPS IN AUTO COVERAGE

In the fight to keep your auto insurance costs down, you might be tempted to forego optional coverages like Personal Injury Protection (PIP) and Underinsured Motorist (UIM). After all, your health insurance may pay most of your medical bills resulting from an accident (subject to limits, deductibles, and co-payments).

But is it really safe to decline PIP and UIM coverage?

There's no easy answer. It depends on your health plan, how often you transport passengers who don't live in your household, and your tolerance for risk.

Many people are surprised to learn that PIP and UIM coverages were created years ago by state governments to cure the social ills caused when people were financially devastated by uninsured accidents. Washington doesn't require either

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TRIM INSURANCE COSTS WITHOUT SACRIFICING PROTECTION



Two similar families live side by side in the same neighborhood. They have two identical cars parked in the garage and the same coverage from the same insurance company. One pays \$1,380 per year; the other pays \$2,165. Why such a difference?

The answer comes down to choices and behaviors.* As a consumer, you have more power than you may realize to control what you pay to protect your home, car, and family:

Minimize claim potential. Keep a clean driving record (no tickets or accidents) and pay attention to maintenance and safety at home. Choose a high deductible on your homeowners insurance, and file claims only for catastrophic losses that you couldn't withstand on your own. For claim-prevention tips, visit pemco.com, Customer Care, Understanding the claim process, and "Top 10 most-preventable homeowner claims."

Tidy up your finances. High insurance scores (based in part on your credit history) correlate with low claims frequency and translate to premium discounts.

Shop smart. Before buying a new car, find out what it will cost to insure. Some cars cost significantly more because of their sticker value, repair costs, safety features, and attractiveness to car thieves. Visit iihs.org and click "Vehicle Ratings" for the latest information.

Actively seek discounts. When you bought your policies, your PEMCO representative included every price-saving option available. However, your circumstances may have changed. For example, if you have a driving-age student, are age 55 or older, or commute by bus, let us know. You may qualify for new discounts.

Don't go it alone. You have a powerful ally in your PEMCO representative. Ask today for a policy review to go over deductibles, coverages, and discount options aimed at giving you the right protection while keeping more money in your pocket. ■

*The family in the \$1,380 example has higher insurance scores, higher deductibles, clean driving records, and commutes by bus. The other family has lower insurance scores, lower deductibles, and drives to work, and one family member has a speeding ticket.

YOUNG DRIVERS USE CELL PHONES MORE, SUFFER GREATER DISTRACTION

At any time of day, chances are that 6% of drivers on U.S. roads are chatting on cell phones. Among drivers 16-24 years old, the figure jumps to 10%.

That's bad news, according to the Insurance Institute for Highway Safety. The nation's youngest drivers already have crash rates much higher than older drivers, accounting for 14.3% of accidents, but only 6.4% of the driving population.

The Institute recently reviewed more than 100 studies on cell phone use while driving and, though circumstances differed, the conclusions generally were the same: Hand-held or not, cell phone use behind the wheel distracts drivers and increases their risk of a crash.

In one study, Ford Motor Company put drivers in a simulator to measure the effects of age on cell phone distraction. Without distractions of any kind, teen and adult drivers missed seeing potential dangers 3% of the time. But put them on a hands-free cell phone, and the adult miss rate jumped to 13%. For teens, it skyrocketed to just under 54%.

In a separate study, University of Utah researchers focused on driver reaction time with and without a cell phone. They found that among drivers ages 18-25, talking

on a cell phone slowed braking reaction times by 18% — effectively reducing it to that of a 70-year-old. That's unsettling, because teens' superior reaction time often can be their saving grace in avoiding accidents caused by their inexperience.

A driver survey by the National Highway Traffic Safety Administration attributed 300,000 crashes nationwide from 1998 through 2002 to cell phone use. The problem doesn't seem to be the phone itself, but the concentration needed to hold a conversation. And unlike a passenger in the car, a cell phone can't suddenly shout, "Watch out!" to a distracted driver who's heading for trouble.

Statistics like those have led 11 states and the District of Columbia to restrict cell phone use among new drivers. Some states ban use of hand-held devices altogether. Washington lawmakers rejected a push to join them in the 2006 legislative session. That doesn't mean, however, that you can't enforce a ban of your own. Set an example for passengers in your car by ignoring your cell phone when you're behind the wheel. And if you have young drivers in your home, make this a non-negotiable rule of the road: Click your seat belt on and your cell phone off. ■

Potential dangers are easily missed by drivers on cell phones.



PREVENT FROZEN PIPES

Though frosty temperatures are still weeks away, fall's the time to freeze-proof your home and prevent burst-pipes woes when the mercury does drop:

Insulate exposed pipes in the garage, attic, crawl spaces, outside walls, and laundry room. You can buy "pipe sleeves" at the hardware store or, for pipes near a power source, choose UL-listed heat tape (be sure to follow the manufacturer's instructions). Plug cold-air leaks around pipe installations with caulk or insulation.

Disconnect your garden hose and wrap the faucet or protect it with a foam cover. If it has an indoor valve, turn it off and open the faucet to drain any trapped water.

For vacant, unheated buildings, turn off the main water valve, water heater, and other water-using appliances. (Never turn off the main valve while leaving the water heater on!) Open indoor and outdoor faucets to drain pipes and flush the toilet to empty the tank.

Drain underground sprinkler lines. For minimal cost, a landscaping company can put you on its winterization schedule and "blow out" your system each fall.

And, once cold weather arrives ...

Let one indoor faucet drip cold water, particularly overnight. Choose the faucet farthest from where the water enters your home to keep it moving through the entire house.

Open cabinet doors under sinks to let the warm air circulate.

Keep your thermostat set at 55 degrees or above, even if you're out of town.

For more cold-weather preparedness tips, visit pemco.com, Consumer Tips, Home, and "Protect your home in winter." ■

IF YOUR PIPES DO FREEZE

NEVER thaw them with an open flame. Nearby flammables could ignite or, in the case of common garage and under-sink chemicals, even explode. Using an electrical device (like a hair dryer) is a bad idea, too, since there's a danger of electrical shock if water sprays when the pipes thaw.

DID YOU KNOW?

The biggest risk of home flooding doesn't come from Mother Nature. It comes from inside the home, owing to frozen pipes, leaky water heaters, and burst appliance hoses.



DRIVER FATIGUE (continued)

These tips can help you stay awake:

- Begin long road trips early in the day, but only after you've had a full night's sleep.
- Avoid driving long distances alone. Passengers can take turns driving, and conversation helps keep you awake.
- Limit night driving. The glare of lights increases the danger of highway hypnosis, a trance-like state of driving without awareness.
- Skip the cruise control. Involving your body in the driving helps keep you awake.
- Stop every 100 miles or every two hours to get out of the car and walk a short distance.
- Enjoy a cup of coffee. It can help revive you in the short term, but remember, it takes about 30 minutes to enter your bloodstream and have its non-drowsy effect.

If your fatigue-fighting efforts don't work, there's only one sure solution: Find a safe rest stop or motel and sleep. ■

AN EYE-OPENING STATISTIC

Driver fatigue causes 100,000 accidents a year at a cost of \$12.5 billion, according to the National Highway Traffic Safety Administration.

QUESTIONS YOU ASKED US

Your newsletter said to "forget deer whistles" because they don't scare off deer. But whistles aren't meant to scare deer away, they're meant to "freeze" them until you've safely driven past. Your statement needs modification.

Scientific studies conducted by the nonprofit Insurance Institute for Highway Safety have shown that deer whistles do not reduce collisions. Yet we've heard from customers who swear they work. Whether they do or not, PEMCO maintains the keys to safety are: drive cautiously and slowly in deer country, especially from October through December; be particularly alert around dawn and from sunset to midnight; use high beams on rural roads; and, if you see one deer, expect more.

Is it harmful to store my boat outside in the winter?

Not with proper care. Generally, painted fiberglass and aluminum boats can be stored outside with proper maintenance. That includes washing and waxing, draining the petcocks, bringing the battery inside, covering the hull with a canvas tarp, and filling your gas tank with fuel and a conditioner that prevents condensation and gumming. Inboard and inboard/outboard motors with radiators must be flushed and filled with clean water and antifreeze every fall. ■



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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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PEMCO MUTUAL INSURANCE CO.
PEMCO LIFE INSURANCE CO.
325 EASTLAKE AVENUE EAST
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DID YOU KNOW?

45.8 million Americans had no health insurance in 2004, the latest figure available from the U.S. Census Bureau. As of 2005, 60% of employers offered health insurance to workers, down from 69% in 2000.

HEALTH INSURANCE (continued)

coverage, but if you decline them, you must sign a waiver saying you understand the risks in doing so.

PIP covers medical expenses for three years after an accident up to either \$10,000 or \$35,000, regardless of fault, with no deductible or co-pay. It also includes benefits for loss of income, essential services like childcare and housekeeping that you normally would provide yourself, and funeral expenses. Coverage extends to your passengers as well as pedestrians and bicyclists.

That's a biggie. Fault aside, PIP protects people with you in an accident who might not have medical insurance of their own to fall back on. PIP often acts as "goodwill coverage," keeping conflicts (that lead to lawsuits) from arising among people involved in an accident.

UIM protects you if you're hit and hurt by someone who doesn't have any (or enough) insurance to cover the damages or who flees the scene. Up to policy limits, it entitles you and your passengers to recover

the same amounts you could recover by suing the at-fault person — not just money for medical bills, but rehabilitation, lost wages, and non-economic damages like pain and suffering. UIM provides coverage without the stress of suing the uninsured driver and wondering whether or not that person really can pay the judgment. It has no deductible.

Most insurance experts recommend you carry UIM protection equal to the Bodily Injury limits on your policy.

If you need to update your PIP or UIM coverages, we urge you to call your PEMCO representative. You'll also want to check out the article on page 2, "Trim insurance costs without sacrificing protection." ■



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HOW SAFE ARE YOU AT HOME AND ON THE ROAD?

PEMCO has again commissioned a statewide poll to learn about the habits of Washington drivers and homeowners. Want to know how your answers compare with those of other residents? Take our online poll. Simply go to survey.pemco.com and follow the prompts.



IT'S ABOUT SO MUCH MORE THAN MONEY

Though nothing can ever replace the love and concern you have for your family, a good life insurance plan — from a company you know and trust — can help you secure your loved ones' financial future.

A PEMCO Life Insurance customer from Everett, Wash., shared her recent experience:

My husband passed away from Lou Gehrig's disease, and I'm convinced that it's incredibly important to have life insurance. It has allowed me to get our house back in order while caring for our two children.

I would give PEMCO's claims and customer service the highest grade possible. The process was speedy and everyone I talked with was very professional. I had to file a claim with other life insurance companies, and PEMCO Life had, by far, the smoothest process. I have such gratitude toward the company.

I couldn't imagine what it would be like if we didn't have life insurance. It's really helped the healing process.

– Sally S.



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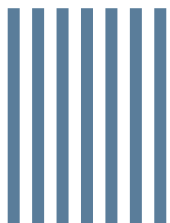
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