



J. Pekala & Associates, Inc.

J. Pekala & Associates, Inc. Quarterly Newsletter

3rd Quarter 2008

Issue 10

As we are at the end of the third quarter of 2008, I am happy to provide you with our newsletter. I also want to again thank you for allowing our office to service the insurance needs of your organization.

Insurance Industry Overview: In recent weeks, the economy has dominated the news. The financial downfall of massive mortgage companies such as Fanny Mae and Freddie Mac has hurt the stability of our country's economy.

Recent reports of large insurance companies such as American International Group (AIG) and others having financial problems is scary. It's hard to imagine that if one private company (whether it is a mortgage company or an insurance company) goes under it could destroy our economy as well as have a severe negative global impact.

The AIG situation should make it clear to all insurance customers that the property and casualty insurance industry is no different from any other business. It is in business to make a profit. This means that for any individual insurance company, the premium dollars received must equal the losses paid out, and allow for the cost of doing business and generating a profit. It is not economically feasible for any insurance company to provide coverage that does not at least pay for itself.

If one insurance company can affect the financial stability of our country, imagine the impact to your organization if it was your insurance company. Fortunately, our customers can rest easy knowing that their property and liability needs are being protected by good solid insurance companies with a strong track record of financial stability. For our agency's part, we make every attempt to offer our customers the most comprehensive program, with the lowest possible premium, while at the same time providing the best customer service!

GuideOne Insurance stands apart in the marketplace as one of (if not) the best choice for church insurance coverages, expert service, and long-term piece of mind. When you look at GuideOne, you will find a company that is financially strong (rated by A. M. Best as “Excellent”), stable, and profitable with more than \$1 billion in assets. In 2007, GuideOne reported record net income of \$62.0 million, Direct Written Premium was \$613.4 million, and Surplus grew to its highest point ever at \$416.7 million. GuideOne continued a conservative investment strategy, with the largest percentage of its portfolio in corporate and government agency bonds, which are rated AA2 on average. This broad diversification helps cushion the company from volatility in the financial markets.

GuideOne is the largest insurer of churches in the nation. Nearly 95 percent of all church customers renewed their coverage with GuideOne in 2007, proving their satisfaction with GuideOne’s products and service.

Philadelphia Insurance Company has received a rating of A+ from A.M. Best; was named one of Ward’s Top 50 Benchmark groups of Property/Casualty insurance companies for outstanding achievements in the areas of financial strength, claims performance, and consistently favorable underwriting results; and was named one of Forbes Magazine’s 200 Best Small Companies in America. Philadelphia’s reinsures have a general rating of A++ / Size 15. The reinsures have an S&P Rating of AAA and a Moody’s Rating of AAA.

Recently Philadelphia Insurance merged with Tokio Marine Holdings, with the transaction expected to close some time in the fourth quarter of 2008. This merger will also allow Philadelphia Insurance to become part of an international organization that has \$170 Billion in assets, AA S&P rating, AA 2 Moody's rating, and A++ AM Best Rating.

After reading the above insurance industry overview as well as my summary of GuideOne Insurance’s and Philadelphia Insurance Company’s financial stability I hope your organization clearly understands that no matter which company you have chosen to place your insurance needs with, it is placed with a company that is financially strong and has consistently favorable underwriting results. Should your organization wish to review the annual reports of these two companies (or any company we represent) please feel free to contact our agency at 1-888-829-6505. We will be happy to send you the most recent financial information we have.

Our New Website: We are pleased to roll out our new website! At this time the website provides information about our agency, which includes who we are, what we do, as well as what some of our customers have to say about our service.

We are now undergoing the process of upgrading the website to include additional features that we hope our customers will find helpful. All customers will soon be receiving a letter from our agency formally announcing the new website and explaining some of the features available. Please take a moment to visit the new website in its current state at www.churchinsurers.com.

Back to School: With school back in session and the increased violence in schools over the past few years, here are a few tips to keep your students safe:

- Assess the public's access to your school
- Review screening policies for visitors, volunteers, workers and service personnel
- Encourage students to report any unusual activities, behaviors or people that they encounter on campus
- Review your official partnership agreements with law enforcement
- Train members of the custodial and maintenance staff to assume roles and responsibilities for crisis response
- Provide all staff members with adequate crisis training and support
- Establish protocols and procedures for assessing and dealing with threats at school

Loss Control: With the goal of making churches, senior living communities and other non-profit organizations safer, our two top insurance companies, GuideOne Insurance and Philadelphia Insurance both have programs for their policyholders to access information on loss control. Issues such as facility safety, financial safeguards, emergency preparedness, children and youth safety, vehicle and driver safety and a host of other important safety concerns facing organizations like yours are addressed. These FREE programs offer risk management resources such as fact sheets, checklists, sample procedures, articles, and e-newsletters with recommendations to help protect your organization. Don't wait until tragedy strikes to recognize the need for risk management in your organization. Be proactive! Sign up today.

- **GuideOne customers - www.SafeChurch.com.** You will need your policy number and agent number (37475).
- **Philadelphia Insurance Customers – www.losscontrol.com.** You will need your policy number.

Independent Living Communities: Due to the present insurance market situation we want to assure all our customers that at this time, AIG is not currently participating on any layers of our umbrella program that we offer to Independent Living Communities. That particular program is written on "admitted paper". Any questions please contact your agent at 888-829-6505. Stanley Pekala is voice mail option # 0, Joe Pekala is voice mail option # 1, and George Stemple is voice mail option # 4.

Foreign Travel: We are pleased to offer **MissionGuard Coverage** for your foreign travel needs. Coverage includes foreign travel liability \$1,000,000 each occurrence / \$1,000,000 general aggregate, auto, employers liability, property, kidnap & extortion, accidental death, and assistance with medical, personal, travel and security issues. Premium averages are \$30 per person for a 1-14 day trip (minimum premium \$500 per policy or per year). Please call our office for more information.

Severe Weather: With the severe weather we have experienced recently thanks to Hurricane Ike, several policyholders in Ohio submitted claims for wind and rain damage. Attached are two checklists from Philadelphia Insurance that will help make your facilities more secure against Mother Nature. Please review the recommendations and make any necessary changes before the next severe weather storm hits your area.

Avoid Late Fees: You can now make e-check payments over the phone for your GuideOne policy. You can call GuideOne at 1-877-448-4331 (ext. 5522) or our office at 888-829-6505. Please have a blank check ready and we can process your payment using your bank's routing number and account number. **Please note this service is not available to our group customers.**

Just for Laughs: There was two old dollar bills. One was a \$100 dollar bill and the other was a \$1 dollar bill. The \$100 dollar bill said, "I've lived a good life. I've been to the amusement park, the theater, the zoo and baseball games."
"Wow, you sure have had a good life," said the \$1 dollar bill.
"Where have you been?" asked the \$100 dollar bill.
"Oh, I've been to a Baptist church, a Methodist church, a Lutheran church and an Episcopal church."
The \$100 bill said, "What's a church?"

In Closing: Should you have any questions, need additional information about any of the items mentioned in this e-mail, or have additional e-mail addresses to add to this mailing, please feel free to contact our office at 1-888-829-6505 (Ext. 2). Don't forget to visit our new website at www.churchinsurers.com.

Sincerely,

J. Pekala & Associates, Inc.

"Old Fashioned Customer Service with Modern-Day Solutions"