

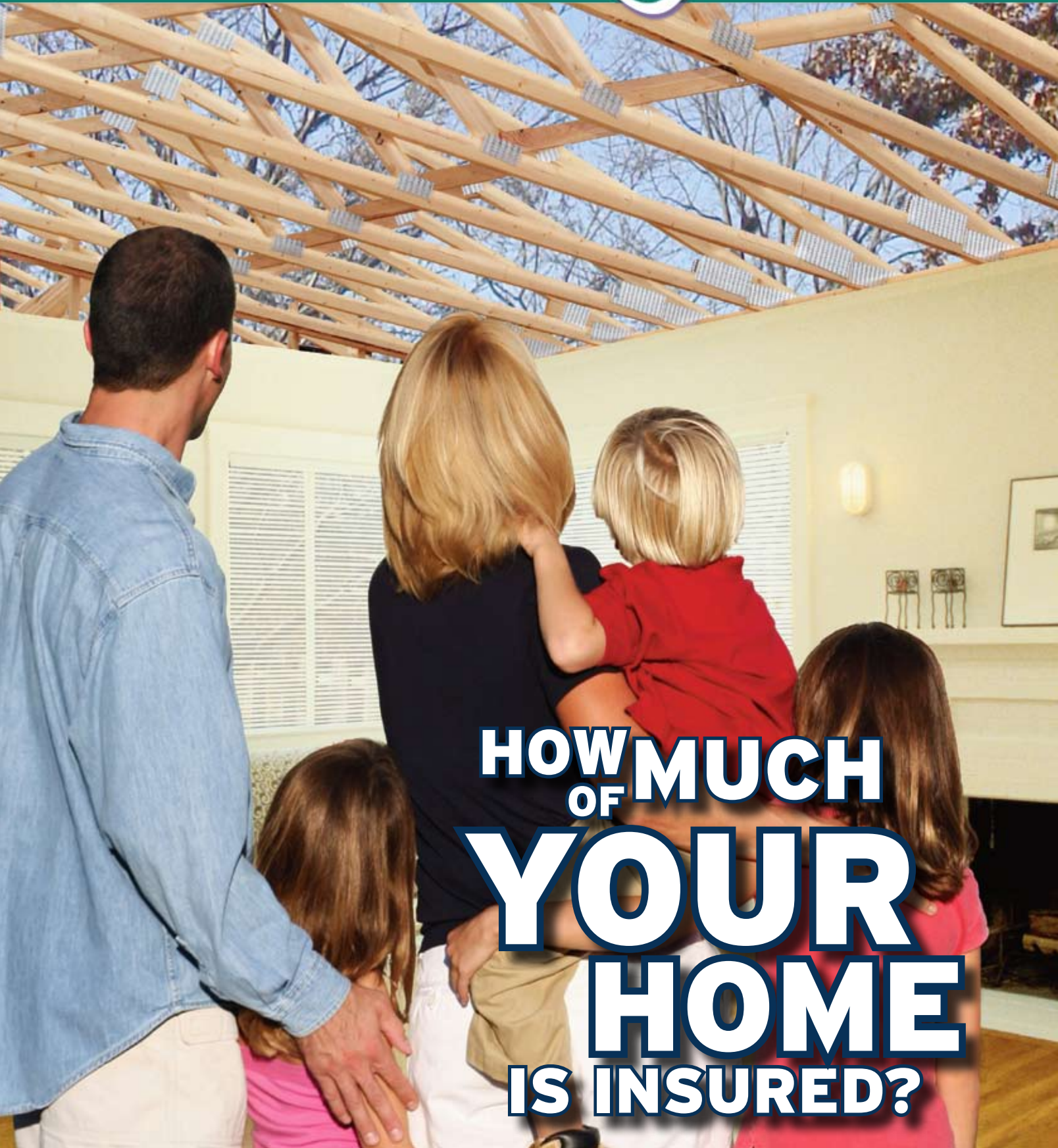
G E R M A N I A

# Today



VOL. 35, NUMBER 3

FALL 2009



**HOW MUCH  
OF  
YOUR  
HOME  
IS INSURED?**

# A Message from the President



The latest customer satisfaction survey Germania conducted indicated that 75 percent of our business came from referrals or “word of mouth.” That is truly one of the best compliments a company can receive, and is another reason why the word “trust” is incorporated in our signature slogan, “The Insurance Texans Trust.”

Our policyholders trust us with their most valuable assets, and in turn, we provide them with sound guidance that serves their best interests. In short, Germania is committed to making sure our policyholders are provided with fair and honest insurance protection.

The term “insurance-to-value” might sound foreign to many of you, but its meaning has a significant impact on all of your lives. If your home were to fall victim to Mother Nature’s fury, fire or other unforeseen peril — would you have enough insurance coverage to rebuild your home and replace your contents with the same “kind and quality” as before?

As president of a company that reaches into over 200,000 homes, it is deeply troubling to me that reliable figures indicate 50 to 70 percent of Texas homeowners would not have enough insurance coverage to rebuild their home in the event of a loss.

A common misconception many policyholders share is when a home’s “market value” decreases — as so many have during the recent challenging economy, so should their insurance coverage. This is contrary to what homeowners insurance is designed to do — make complete by rebuilding and restoring your home to what it appeared as before the loss.

Ironically, even though the housing market is in a slump, the cost of construction materials — especially roofing supplies, have increased considerably. With inflation affecting the construction industry and without reviewing your coverage needs with your agent on a frequent basis, you could be underinsured.

Oftentimes our competitors will “underinsure” a home just to reduce the total premium. However, it has been Germania’s philosophy for over 113 years to place your family into a residence that reflects the same “kind and quality” as you were accustomed to living in before the unthinkable destroyed your most valuable monetary asset.

I hope and pray that the 2009 hurricane season spares your homes from any damage, and if threatened by severe storms, you proactively seek protection safely. Our website, [www.GermaniaInsurance.com](http://www.GermaniaInsurance.com) offers a wealth of resources to help you and your family better prepare for all inclement seasonal weather. As a member of the Germania family, we hope to continually provide you and your loved ones with “The Insurance Texans Trust.”



## GERMANIA FARM MUTUAL INSURANCE ASSOCIATION

507 Hwy. 290 East  
Brenham, Texas 77833

David Sommer  
President

Paul Ehlert  
1st Vice President

Ron Rhodes  
2nd Vice President

Derrell Krebs  
Secretary/Treasurer

Laura Popp  
Marketing Communications  
Manager

Mary Nabors  
Editor

James Pharaon  
Layout

Vol. 35, No. 3 • Fall 2009

*Germania Today* (USPS 086230)  
Published quarterly by Germania Farm  
Mutual Insurance Association **Postmaster:**  
Send address changes to *Germania Today*  
at P.O. Box 645, Brenham, TX 77834.  
Periodical postage paid at Brenham, Texas  
and additional mailing offices.

Subscription price is 50 cents per year  
included in yearly premium.

[www.GermaniaInsurance.com](http://www.GermaniaInsurance.com)

1-800-392-2202



## Despite Challenging Economy, Germania Credit Union Still Lending

You already know that today's economy is challenging. Amid the gloomy headlines concerning decreasing home sales and the financial market in general, Germania Credit Union continues to be a reputable source of good products — and good loans.

### THE CREDIT UNION DIFFERENCE

The reason is simple, and comes from the 'credit union' difference. Lenders accountable to stockholders must generate earnings to pay those investors. That is not the case with not-for-profit credit unions as they are owned by their members — you and other consumers. Because of this, Germania Credit Union makes responsible loans at fair rates, keeping our members' best interests in mind.

### GERMANIA CREDIT UNION LENDERS ARE DIFFERENT

A Germania Credit Union lender can help you meet your personal financial challenges. A credit union lender works

for a situation where everyone wins — and Germania Credit Union is lending!

Germania policyholders and their extended family are eligible to become a member of Germania Credit Union. You can participate in Germania Credit Union's exceptional member service as well as an array of loan and savings products that assist in achieving your goals. In addition, each account is insured by the National Credit Union Administration (NCUA) — an agency of the federal government — up to \$250,000.

### AN OPEN INVITATION

We invite you to call or stop in to discuss your financial concerns — whether it be a need for credit lines, ways to save with insured savings products or how to make the most of your paycheck. We look forward to serving you. To learn more, visit our website at [www.GermaniaCreditUnion.com](http://www.GermaniaCreditUnion.com) or call us at 1-800-392-2202.

## Notice of Privacy Policy

Germania Farm Mutual Insurance Association and its subsidiaries as well as our business partner, Home State County Mutual Insurance Company, (referred to as "us") value you as our customer and respect your right to privacy.

We collect nonpublic personal financial information from you and consumer reporting agencies and about your transactions with nonaffiliated third parties and us. We do this to process, administer and maintain the products and services you purchase from us.

We have in place policies and procedures that limit who may access or use your nonpublic personal financial information that comply with state and federal regulations and our own high standards regarding privacy and confidentiality. We only disclose your nonpublic personal financial information to affiliates or non-affiliates as permitted by law.

A full privacy policy notice is available at [www.GermaniaInsurance.com/privacy\\_policy.html](http://www.GermaniaInsurance.com/privacy_policy.html) or by calling us directly at 1-800-392-2202 and requesting one.

# You Can't Judge a ~~Book~~ House By Its ~~Cover~~ Market Value

The Henrys purchased their 2005 custom built home for \$195,000. Their insurance agent had their *Replacement Cost Coverage* (the amount it would take to rebuild their home to its previous like kind and quality) at \$195,000 when the Henrys closed on their home.

## SHOCK NUMBER ONE

Four years later they decided to downsize and buy something “more affordable.” Their realtor appraised their home and due to current market conditions, regrettably explained their house should be listed at \$180,000.

## SHOCK NUMBER TWO

With their realtor's appraisal in hand, they headed to their local Germania agent's office. After reviewing their paperwork and plugging in data through his residential construction cost estimating software, the Henrys received an even bigger shock. They were underinsured by 20 percent!

## MARKET VALUE IS NOT WHAT IT WOULD COST TO REBUILD YOUR HOME

“This is one of the most common, yet poorly communicated issues in the insurance industry,” said AVP of Underwriting, Mike Kroll.

Even though the “market value” of their home had dropped considerably, due to rising construction prices (roofing materials have increased by over 50 percent in 2008\* alone) it would cost the Henrys roughly \$234,000 to rebuild their home in the same spot with the original materials used to construct their home in 2005.

## STILL SHOCKED...BUT ENLIGHTENED

Like millions of Texans around the state, most find insurance confusing and do not understand its true purpose — to protect your home, its contents and make your house “whole” again in the event of a loss.

## REALLY?

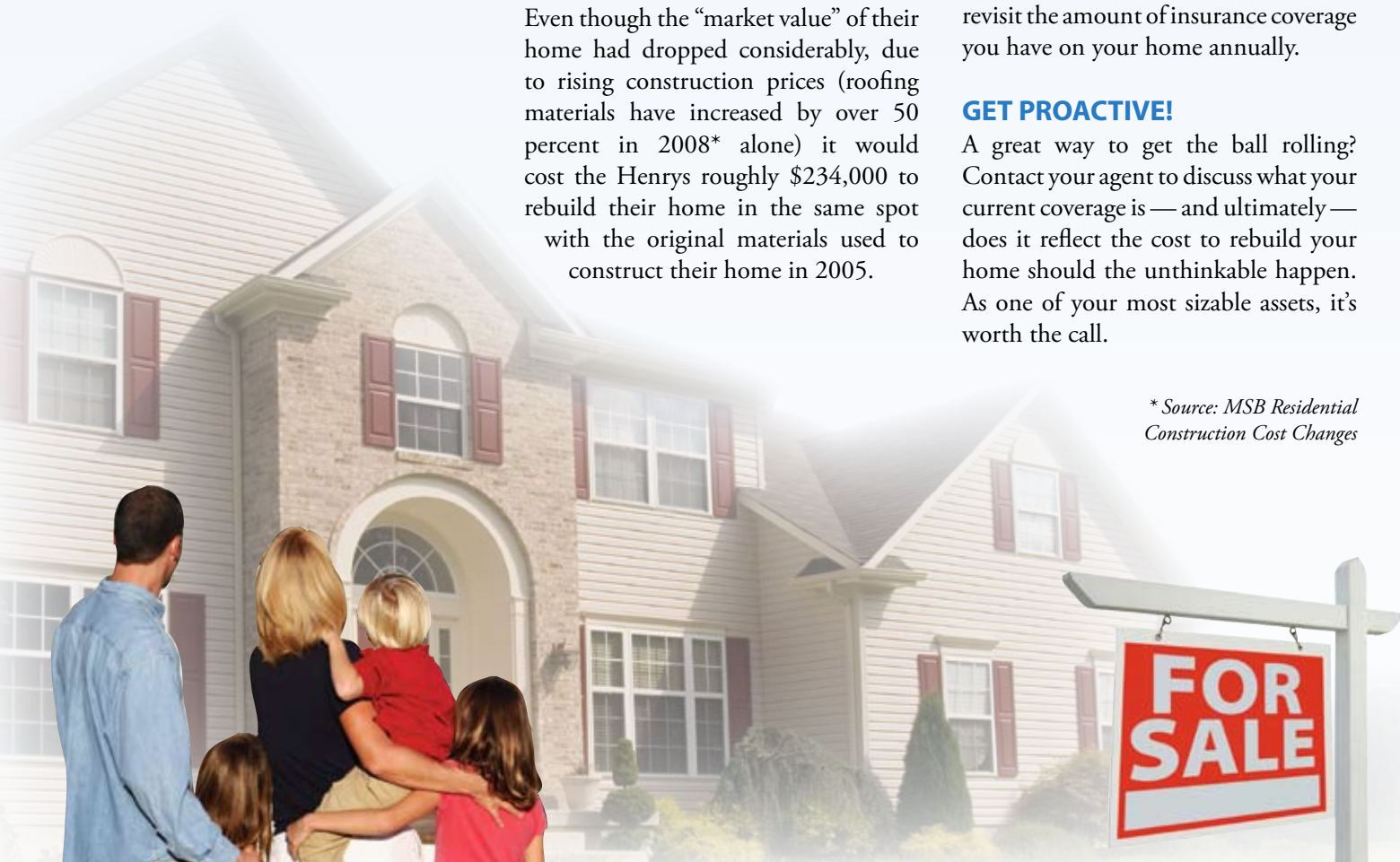
The Henrys aren't alone. Roughly 50 to 70 percent of Texas homeowners are underinsured.

“It's unfortunate that most people don't realize they're underinsured until disaster strikes,” said Germania's AVP of Claims, Russell Hill. It's important to revisit the amount of insurance coverage you have on your home annually.

## GET PROACTIVE!

A great way to get the ball rolling? Contact your agent to discuss what your current coverage is — and ultimately — does it reflect the cost to rebuild your home should the unthinkable happen. As one of your most sizable assets, it's worth the call.

*\* Source: MSB Residential Construction Cost Changes*



# Texas Weather

**WHY POLICYHOLDERS ARE  
MISGUIDED IN THINKING  
"THAT WILL NEVER HAPPEN TO ME"**

As far as Mother Nature's fury is concerned, Texas takes the cake as one of the most topographically diverse and disaster prone states in our country. With over 32,000 recorded hail events over the past 30 years\* (Florida has recorded 3,713 hail events over the same span of time) coupled with over 20,000 thunderstorms, 6,238 tornadoes and 8,533 floods occurring throughout all regions of the Lone Star state – suffice it to say that no one and no structure is safe.

\*Source: National Climatic Data Center



## Factors That Determine What It Would Cost to Rebuild Your Home

If you're like most people, the concept of how much it would cost to rebuild your home to its original grandeur is difficult to formulate. Your Germania agent is equipped with the tools necessary to evaluate your home's unique features and take current construction costs into account, based on where your home is located.

### FROM SIMPLE TO UNIQUE

Replacement Cost Coverage, the cost to rebuild or repair your home to its original state with materials of like kind and quality (without a reduction for depreciation) changes each year.

For example, your agent can assist you with determining the replacement cost of your home based on its unique features by using industry-standard software to estimate how much coverage you should obtain to protect your home against perils such as fire, hail, lightning, etc.

Construction classifications are designed to take into account innumerable options that would make the most avid fan of the Home & Garden Network recoil in surprise.



**ROOFING MATERIALS:** 24 choices\* of materials that can increase — or decrease — the amount of coverage you need on your home.



**EXTERIOR WALL MATERIALS:** 44 unique items\* are taken into account — including vinyl siding, hardboard siding, stucco, brick veneer and the more costly Austin stone veneer.



**FLOORING:** 26 different styles\* of flooring options from less expensive (carpet) to very expensive (marble).

### NOT ALL HOMES ARE CREATED EQUALLY!

Discussing your home's interior/exterior features with your agent is imperative if you want to make sure your home is insured for the correct amount a.k.a. "Insurance-to-Value."

It is important to communicate with your Germania agent if any significant remodeling has been done, as your agent can update your policy so that the proper coverage is adequately reflected.

\* Using Marshall & Swift / Boeckh (MSB) ITV Property Index benchmark

# Can You Afford *NOT* to Have Renters Insurance?



Foreclosures increased by 81 percent in 2008<sup>1</sup>. In all, 3.1 million households submitted foreclosure filings in 2008 — or one in every 54 households.

That being said, the number of renters is on the rise. And it's not just college kids and displaced families who are increasing this statistic. Sometimes renting while setting aside your reserves is the best financial move you can make during a slow economy.

## WHO NEEDS RENTERS INSURANCE?

What would happen if all your belongings were stolen, damaged or destroyed? The biggest misconception most renters share is their landlord's insurance will cover any damages, should a loss occur.

"Quite the contrary," explained Germania's AVP of Underwriting Mike Kroll. "Your landlord is responsible for insuring the home or apartment you are living in — not your furniture, electronics, clothing, jewelry or other personal possessions."

## UNDERESTIMATING YOUR BELONGINGS

"We suggest our policyholders fill out a Germania Home Inventory Checklist," Kroll advised. Most policyholders are

surprised to learn the values of their personal possessions are higher than they expected. "Not only is it a great tool to calculate how much coverage you need; it also helps expedite the claims process, should you suffer a loss." You can download a Home Inventory Checklist for free by logging on to [www.GermaniaInsurance.com](http://www.GermaniaInsurance.com).

## SAFETY ISN'T A STATE OF MIND

Statistics reveal that renters experience higher rates of property crime, burglary and theft than people who own a home. Other perils beyond their control such as fire, water damage, smoke and liability issues put renters at a greater risk for 'losing it all.' Renters should also obtain personal liability insurance to protect against injuries to guests — whether you're at fault or not. Despite all the risks, the majority of Texas renters remain uninsured.

## COST-EFFECTIVE PROTECTION

The average annual premium for Texas renters insurance is between \$220 and \$280 a year<sup>2</sup>. Contact your local Germania agent for more information on renters insurance and personal liability protection. Can you afford not too?

1. Source: RealtyTrac

2. Prices vary depending on location and coverage.

## Don't Be Fooled by Fraudulent Check Scam

Germania's Home Office received numerous calls from both non-insureds and policyholders regarding a fraudulent check scam. This scam is not directed to our policyholders, but to individuals across the United States. Individuals have received a letter that states "they could be eligible to win a large sum of money." Included with the letter is an enclosed counterfeit check that would cover "the taxes" which are due on the "allotted" winning amount. The counterfeit check has been designed to look like a Germania issued check. In exchange, the recipient is told to deposit this check and issue a money gram or certified Western Union check for the tax amount and mail it directly to the assigned address - which is suspiciously located outside of the U.S. If you have received a fraudulent check and letter we encourage you NOT to respond to this scam, but to destroy the information.





(L-R) Germania Farm Mutual Insurance Association Vice President Paul Ehlert, Germania Farm Mutual Insurance Association Director Fredda Lemons, Texas 10th District Congressman Michael McCaul, Germania Farm Mutual Insurance Association Director Donald Spiess

## What Do Ice Cream, Politics and Germania Have in Common?

Germania's Legislative Committee, along with other Texas farm mutuals, hosted a reception June 10 at our nation's capital. Along with refreshments was the exclusive presence of Blue Bell ice cream.

The event drew several hundred people and achieved its intended purpose — to meet and strengthen relationships with key Texas lawmakers who are responsible for determining legislation affecting our Germania policyholders.

### **OPPOSED TO FEDERAL REGULATION**

Of special importance was the issue of insurance becoming federally regulated within the property/casualty industry — a notion Germania and other farm mutuals strongly oppose.

“Including the federal government in the regulatory process would lead to more paperwork, more bureaucracy and ultimately, less focus on policyholders' needs — not to mention rates would more than likely increase due to the unneeded oversight set forth by the federal government,” stated Germania's Vice President, Paul Ehlert.

The National Association of Mutual Insurance Companies (NAMIC) praised Germania's efforts, citing the critical need for constituents to meet face-to-face with their Congress members.

### **WHAT YOU CAN DO**

You don't have to visit Washington to speak your mind — you can write or send an e-mail to your local officials. To find out who represents you (and their

contact information) log on to [www.fyi.legis.state.tx.us](http://www.fyi.legis.state.tx.us).

### **ABOUT GFM LEGISLATIVE COMMITTEE**

Germania's Legislative Committee is composed of seven board of directors who work in tandem with the state association of Texas farm mutuals to ensure the story and voice of farm mutuals is heard and preserved in Congress.

The GFM Legislative Committee also works with Germania's PAC (Political Action Committee) to support those legislators who promote the farm mutual philosophy. To find out more about Germania's PAC log on to [www.GermaniaInsurance.com](http://www.GermaniaInsurance.com).

## Joan's Best Apple Cake

1 ½ cups oil  
3 eggs  
2 cups sugar  
2 teaspoons vanilla  
3 cups flour  
1 teaspoon salt

1 teaspoon baking soda  
3 cups apples, chopped  
1 cup pecans, chopped

Preheat oven to 350 degrees. Beat oil, eggs, sugar and vanilla together. Sift flour, salt and soda together. Slowly add dry ingredients to egg mixture; mix well. Add apples and pecans. Pour into prepared tube pan. Bake 1 hour.

Jane Steadman, Kerrville