



Fall 2020 – Part 2

LUMBERMEMO

PENNSYLVANIA LUMBERMENS MUTUAL INSURANCE COMPANY



John K. Smith, President & CEO

The long summer is over here in Pennsylvania (or for me, New Jersey, since I am working from home). While we are all still dealing with COVID-19, we at PLM have also been contending with the western wildfires and two hurricanes that made landfall in the U.S., as well as a surge of interest from many wood businesses throughout the country. I want to take a moment to share on these topics and how we are doing financially.

First, with regards to COVID-19, our people continue to work remotely. While I have not personally seen the much ballyhooed increase in productivity that remote work is supposed to generate, we have not seen any real slippage in productivity that I am aware of! Phones are being answered, accounts renewed, claims handled, and a considerable amount of new business is being quoted, bound and issued. Loss control risk management visits are occurring (although there is still an occasional push back regarding visits from our Business Development and Loss Control Representatives, but even that is starting to diminish). We have instructed all of our people to practice social distancing and to wear masks on these visits in an effort to help keep everyone safe. We, like many of you, are becoming comfortable with video call services (in our case, Microsoft Teams). While we are concerned with long-term remote work, at the moment it is the order of the day. If you are experiencing any difficulty communicating with PLM, please let me know immediately at the number or email outlined below.

With the devastating wildfires in the West, we have been fortunate. Other than two or three losses (one major), for the most part our customers have been safe. We continue to work closely with those insureds that are located in wildfire areas to assist them in mitigating the risk around these events, in a fashion similar to those insureds in coastal areas. Each requires a different approach to risk management that we are well versed in. Hurricanes Laura and Sally made landfall, hitting some of our insureds. However, our internal losses will be capped at \$2.5M each because both events will qualify for our catastrophe reinsurance program. About 18 insureds experienced losses during the first event (Hurricane Laura) and about nine had losses in the second storm (Hurricane Sally).

Today in America, there are very few geographic areas where we do not confront, with our insureds, natural catastrophes. If it's not

wildfires, or hurricanes, then it's tornadoes, hail or straight-line wind events (derechos)! Of course, in the northern areas, it's unusual snow events. In other areas, it's floods. It's the business we are in and we work hard with our insureds to help them avoid or minimize the impact of these events on their businesses. When losses do occur, we respond in a timely and appropriate manner.

What is surprising to us is the recent surge in interest regarding PLM from potential insureds and brokers. Submission activity has been steadily climbing, as has our "hit ratio" when we quote new business. We are on track to write more than \$25M of new business this year, well above our target. Current insureds have demonstrated their loyalty to PLM by renewing their coverage with us in record numbers, with more than 90 percent of them continuing to place their faith and confidence in PLM and our team! We are truly appreciative of these continued relationships.

Financially, 2020 has been both up and down. Prior to the two recent storm events, things were looking positive for us. After the storms and some casualty-related loss settlements that ended above our anticipated settlement values (social inflation?) things are a bit more unclear regarding our ability to achieve underwriting profitability this year. Our combined ratio, a measure of an insurance company's profitability, at the end of eight months was below 100 percent. I expect it will rise by the time you read this and when we publish our nine-month results. I continue to forecast that we will produce net income after investment returns in 2021. With our surplus, we continue to try to recover the first quarter

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losses that hit the equity markets as a result of COVID-19. At the end of August, we were about 3.5 percent off last year's all-time surplus high for PLM. I suspect our surplus will drop a bit due to the current investment marketplace when we close in September.

One of the big changes that we have endured – yes, endured – is the drop-off in the number of trade shows that we have been able to participate in this year. Over 150 shows have been postponed or canceled since March. To be honest, we miss seeing you and

gaining the insight that you provide us regarding your business, the health of the economy from your perspective and how we are doing in support of your business. We are hoping that as the new year turns, we will see a commitment by various trade organizations to begin hosting shows again. If you would like to chat, please do not hesitate to reach out to me at 267-825-9246 or jsmith@plmins.com.



Is your inventory properly insured?

COVID-19 has brought soaring demand and prices to the lumber industry, as people nationwide have begun renovating their homes or building new ones through the pandemic. According to MarketWatch, both lumber futures and lumber demand have doubled since the beginning of the pandemic. This sudden boost in demand can support growth within the lumber industry, but as lumber prices rise, so do inventory values for those who stock lumber. Many businesses who stock lumber are caught at the crossroads of higher demand and higher prices.

Properly insuring your inventory should always be a priority, since lumber businesses face threats from natural disasters, accidents, fires, and theft year-round. Now, with lumber inventory value so high, it has become especially important for lumber dealers to revise their policies.

Visit www.plmins.com/lm-dovetail-fall20-p2/ for the full article.



If you work with PLM, you know our employees' dedication and knowledge are at the core of the services and products we provide. That's why we are proud to announce that PLM was recognized as a Top Workplace in the Greater Philadelphia Area for the second year in a row. This recognition is based on an anonymous, scientific survey that asks employees about management, support provided to employees, the company's values and other domains.

As part of this year's entirely virtual Top Workplace program, PLM received a special award for the training provided to employees. More than other companies in the rankings, our employees identified PLM as providing the resources they need for training.

We know customers depend on our expertise, as well as timely and thorough service. At the core of PLM President and CEO John Smith's vision is the belief that PLM employees must be continually learning for PLM to succeed.

Visit www.plmins.com/lm-top-workplace-fall20-p2/ for the full article.



CLAIMS TOOLBOX FAST TRACK CLAIMS

BY: STEPHEN KERN, CASUALTY CLAIMS MANAGER

It has always been PLM's priority to provide not only advanced insurance knowledge and experience for the wood industry, but also exemplary customer service. This is especially true of claims, as we strive to fulfill our fiduciary responsibility to our customers and the promise that we will be there for them through some of their toughest times. To meet the communication demands of today's environment and create a better ease of doing business for our customers, we have revamped some of our claims procedures. In our fast track unit, we have already made several changes and will continue to utilize successful processes, implement new strategies and monitor our results.

Business communications is one area undergoing changes. In order to improve our customer relations, whether with insureds, brokers or claimants, we have implemented tighter standards for initial contact on new claims, mandatory acknowledgement correspondence on all fast track and casualty claims, and same day responses. We will continually monitor, adjust or reiterate these business communication goals as we get feedback from our customers. There are also quarterly quality control reviews in place that emphasize the business communications piece to make sure these objectives are being met.

Visit www.plmins.com/lm-claims-fall20-p2/ for the full article.



PLUMB SAFETY:

AN UPDATE TO NET PROMOTER SCORE

BY: LINDSEY DIGANGI, CORPORATE MARKETING MANAGER

As you may have read in the last edition of the Lumber Memo, we recently rolled out AskNicely, our net promoter score survey, which is meant to check in with you periodically to see how your PLM experience is going. While we talk to the industry and our insureds regularly, we feel that checking in directly has been an invaluable experience for PLM to learn about you.

Insurance is a personal experience. Each of you has a unique set of risks and concerns that PLM seeks to assist with. What matters to you might not be as important to your competitor. As a mutual insurance company that was founded to solve a unique problem for a set of local lumber dealers, our focus today remains the same. We continuously seek ways to stay ahead of the things that are important to you.

Visit www.plmins.com/lm-plumb-safety-nps-fall20-p2/ for the full article.

INTRODUCING ANYTIME RISK MANAGEMENT

Risk is inherent to life and business and it takes constant vigilance to stay on top of it. That's why PLM places a significant emphasis on risk management for your operations, with 16 dedicated loss control and 26 business development representatives across the country, all trained to recognize the risks common to businesses like yours. Now, PLM is introducing the opportunity to see your operations through our eyes firsthand with our Anytime Risk Management (ARM) tool.

ARM is a digital tool that lets you take control of the risk management review process with the same support and advice you're used to from PLM. Through a simple link that is accessible on any device, you can walk through your operations answering questions and taking pictures of the items that come up most often in your insurance buying experience.

Visit www.plmins.com/lm-plumb-safety-risk-management-fall20-p2/ for the full article.

8 STEPS TO PREPARE YOUR BUSINESS FOR THE WINTER SEASON



Cold weather brings problems like accumulation of snow and ice on roofs and freezing pipes. Here are some simple steps to take to help protect your business before the severe winter season hits.

1

Monitor snow accumulation on all roofs and plan its safe removal.

2

Wrap pipes with insulation to prevent freezing.

3

Keep your thermostat above 55° in all buildings – even those unused.

4

Have a reliable backup power source, like a generator, for loss of power and/or heat.

5

Seal and insulate all openings to minimize drafts and leaks.

6

Install a temperature monitoring system for severe temperature drops.

7

In extreme cold, let faucets drip to prevent water from freezing within the pipes.

8

Evaluate potential sprinkler problems with a central station detection system.



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SPOTLIGHT ON:

SEAN BRISCOE APPOINTED TO ASSISTANT VICE PRESIDENT - UNDERWRITING



During our July Board of Directors meeting, Sean Briscoe was appointed to Assistant Vice President - Underwriting. This appointment reflects the leadership and success Sean has brought to PLM over the last five years.

Sean joined PLM as a Senior Underwriter in 2015 and was promoted to manager and then director before taking on this new role as Assistant Vice President. Sean represents the best of PLM to prospects, clients, brokers and associations while maintaining excellent working relationships with his colleagues. As a leader, Sean is strategic and proactive, allowing him to overcome challenges while taking advantage of emerging opportunities.

Sean has been an insurance professional for more than 20 years, with ten years of management experience and a background in operations, claims and underwriting. Over the past several years, he has successfully led PLM's effort to improve profitability for our heavy manufacturing business. He has led his team specifically involved in the pricing and placement of coverage for all lines related to Primary Manufacturing risks (Sawmills, Veneer mills, and Pallet Mfg. operations) countrywide. He has also served on and made meaningful contributions to several special committees within PLM that focus on corporate initiatives, enterprise risk management, and management of relationships with multiple reinsurance partners.

Sean has a Master of Business Administration Degree from Wesley College and a bachelor's in Marketing with a minor in Business Administration from Delaware State University. He is currently pursuing his Chartered Property Casualty Underwriter (CPCU) designation. **Contact Sean Briscoe at 267-825-9262 or email sbriscoe@plmins.com for more information.**