



Issue 1 – 2022

# LUMBERMEMO

PENNSYLVANIA LUMBERMENS MUTUAL INSURANCE COMPANY



John K. Smith, *President & CEO*

**W**ith the start of a new year, I thought it would be appropriate to provide an update on our 2021 financial results and talk about some of the opportunities and challenges we see before us in 2022.

PLM enjoyed a record-breaking year from a premium production standpoint. We stretched our initial target of \$295 million to \$302 million, and produced more than \$304 million in premiums. It is an impressive result that was driven by excellent renewal retention and outstanding new business flow. We believe our long-term commitment to providing a superior team to service your business and create enhanced value for your premium dollars has been apparent this past year.

When all is said and done, 2021 should produce not only a net operating profit for PLM, but record-breaking policyholder surplus growth.

What is particularly significant about this accomplishment is that we came out on top despite suffering one of the worst years on record from a catastrophic loss viewpoint – a year that included last winter’s deep-freeze and Hurricane Ida. That said, we were spared the typical large fire losses that are usually associated with the niche. These poor results on the property side were coupled with continuing problems (although not to the same extent as in 2020) from a commercial auto perspective. These losses were partially offset by improvement in the general liability line of business.

### Challenges within the Reinsurance Market

On the subject of reinsurance, we have placed our 2022 reinsurance programs. Unfortunately, the tightening reinsurance marketplace and the losses of 2021 contributed to rising costs. The reinsurance marketplace was found to be much more expensive this renewal cycle than we’ve seen in many years. Reinsurance costs were up across the board for not only PLM, but for almost all insurance companies.

Reinsurers were hammered by large property losses inside the wood niche (although PLM did not contribute to these losses), including horrible weather-related losses throughout the country caused by wildfire, tornadoes, winter freezes, hurricanes, straight-line wind, and just about every other type of natural weather-related disaster imaginable. What’s particularly troublesome about these events is that they are occurring outside their historic venues, making them even more difficult to

predict. Reinsurers were also forced to deal with “social inflation,” which has been driving auto general liability and umbrella verdicts upward along with other claims-related inflation (medical, auto parts, building materials, etc.)

### Investing in Our Team

While we have continued to manage our expenses aggressively, I’m pleased to say we did invest quite a bit in employee development and ongoing system-related enhancements.

We, like many of you, are dealing with the Great Resignation. We are viewing it as an opportunity to enhance the quality of our already very capable staff. We continue to invest heavily in our employees’ professional and business skills, as well as their technical knowledge. This year, we enjoyed tremendous success in enhancing the capabilities and quality of our team. Like any team, you are only as good as the team members that execute your strategy every day. From that perspective, the PLM team today is without question leading when it comes to providing solutions and service to businesses operating in the wood niche.

We look very optimistically into 2022. We will not rest on our laurels. We will work hard to continually improve our capabilities to assist you in enhancing risk management in your business, and just as importantly, to confirm the wisdom of your decision to entrust PLM with some of or all your property casualty insurance needs.

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## What's Next?

We expect to introduce a new billing invoice momentarily. We are starting to issue payments via ACH and that effort will be broadened. We hope to roll out a product focused more squarely on the hardware aspect of our niche. We will revamp Anytime Risk Management (ARM) to enhance its utilization, while increasing the frequency of webinars to assist you in managing the risk associated with your business. Furthermore, our net promoter score program will be rolled out to the employee level in 2022 giving you the opportunity to evaluate the quality of any PLM team members working with you while giving PLM leadership critical feedback on our performance.

Our agency, ABM will come into its own as we continue to strive to provide workers' compensation solutions to our insureds while we also investigate how we can further broaden our risk appetite.

Finally, expect to see us at more shows than ever before to carry on those relationships that we have created over the years.

Premium-wise, we expect to continue to grow our book of business in 2022, and with that we expect enhanced profitability and policyholder surplus.

Twenty plus years ago, we used the tagline, "wood it's all we do!". Two decades have come and gone (along with a lot of competitors who thought they could do it better) since we made that commitment. Today, I would underscore that tagline and add the phrase and "it is all we are going to do!"

It's nice to be back out on the road. I look forward to the next time our paths may cross. In the meantime, if you have any thoughts or comments, please reach out to me accordingly, at either [jsmith@plmins.com](mailto:jsmith@plmins.com) or at **267-825-9246**.

## CYBER CORNER VISHING ... WHAT'S THAT?

Most of us have heard of phishing, but what about "vishing?" Instead of sending e-mails, cybercriminals make phone calls or leave voice messages to try to trick victims into giving away sensitive business and personal information like passwords, banking details, or tax information. A vishing call could be about:

- **Credit cards.** Cybercriminals fabricate stories to address a late payment or provide login credentials to verify or "fix" other details about an account.
- **Tech support.** Cybercriminals pose as a tech support representative and ask victims to respond to an e-mail or "update" a critical problem on a computer.
- **Legal issues.** Cybercriminals tell victims there is a lawsuit against an individual or the company and use that story to gain access to company information and employee details.

These tricks can work on anyone, from C-suite executives to interns, but employees with less training or inexperience with cybersecurity best practices are particularly vulnerable.

So what can businesses in the wood niche do to mitigate their risk? Training is critical, and employees need to know how to:

- Respond when someone asks them for financial information
- Verify the authenticity of a caller
- Involve the IT department when a vishing scheme is suspected

Training employees to properly address phishing and vishing attacks is the first step toward keeping your company and your team's information safe. Speak with your producer for more updates on recent cyber crime, and learn more about PLM's tools and resources for business owners looking to prepare for & respond to cyberattacks at [www.plmins.com/products-services/coverages/](http://www.plmins.com/products-services/coverages/).



The pangs of the Great Resignation have been felt throughout the lumber and building materials space just as it has across all industries. Drivers have been in particularly short supply. Experienced drivers even more so. Though some traditional recruiting methods like higher pay and referral bonuses have proven effective, other approaches are also proving to meet employees' growing desires for flexible schedules and benefits.

The best way to keep trucks on the road is to retain the good drivers you have. If your drivers are happy and feel valued for their work, they are more likely to stay and continue to grow with your business. It's up to employers to provide a safe and pleasant work environment that not only recognizes or rewards quality work, but also provides opportunities for career growth.

Drivers know that they are in demand, and if the pay isn't competitive, businesses will have a difficult time retaining their drivers regardless of other steps they take. Referral bonuses, safe driving rewards, and other benefits can go a long way to making drivers feel appreciated and recognized.

Other quality of life benefits should be considered alongside standard compensation and bonuses. Many drivers want to feel engaged with their work, and regular get-togethers and informal meetings for safety counseling and recognition of safe driving can help build the kind of culture that makes drivers feel involved in the business. Additionally, many drivers are seeking greater stability through set, non-evening hours, flexible scheduling and other opportunities for work to adapt to the complexities of everyday life.

Though these steps can help with retention, some drivers will still leave.

Visit [www.plmins.com/lm-drivers-22-1/](http://www.plmins.com/lm-drivers-22-1/) for the full article.

# PLUMB SAFETY: SAFETY STANDARDS FOR BOTH FACILITY OWNERS AND THEIR CUSTOMERS



By Genevieve Ventiere, ABM Brokerage Marketing Manager, and George Hawkins, PLM Loss Control Representative

OSHA (Occupational Safety and Health Administration) was put into place to ensure safe working conditions for employees by setting and enforcing workplace standards. Though OSHA's primary focus is the employee, it is important to understand how the hazards that can and do affect your employees are often the same ones that will affect your customers, or anyone else on your premises.

Let's review OSHA's recently released list of the Top 10 Safety Violations of 2021 from both a workers' compensation and liability standpoint to highlight the importance of prevention and mitigation. All business owners, no matter the size and scope of the organization, should have a plan to address the following issues:

- 1. Fall Protection** – According to OSHA, fall violations top the list for the 11th year in a row. Employees should be trained in the fall potential areas of their facility. The employees should also demonstrate that they know what to do in the event of a spill. Customers should also be aware of the environment surrounding them while at a company facility and feel free to notify management or a site employee of the spill.
- 2. Respiratory Protection** – Many PLM customers are wood-working organizations whose employees utilize tools and machinery that give off dust or finishing agents that are not healthy to breathe. While it seems obvious that employees should be properly trained to use tools and machinery, they should also be educated regarding the immediate and long-term dangers of inhaling large amounts of dust or any chemical aerosols. It is important that businesses engaging in activity that produces dust or fumes should provide the correct PPE equipment to employees and ensure the premises has optimal ventilation. Improper ventilation or dust protection will also negatively affect any customers, contractors, inspectors, or couriers entering the facility.
- 3. Ladder and Scaffolding Usage** – The use of ladders and scaffolding is common in our industry, whether it be for installation services, reaching/stocking merchandise, or general premises repair. Employees must receive training in the safe use of ladders and platforms, and business owners must provide proper and functional safety equipment. Employees should keep all safety chains in place when ladders and platforms are not in use. Chains should also have a sign posting "Employees Only".
- 4. Hazard Communication** – A Hazard Communication Program should be developed to include the formal training of all

employees. Also, any customer that is allowed in a potentially hazardous area while on site will need to be notified of such hazard and what company safety standards need to be followed.

- 5. Lockout/Tagout** – Provide locks for circuit breakers or disconnects for equipment/machinery. When equipment is undergoing maintenance, these protection devices will help prevent the equipment from being accidentally turned on and endangering the operator or maintenance person, who could be a non-employee. Ideally this is done both for breakdown repairs and regular preventative maintenance and should be a formal requirement in the Safety Plan and Performance Review Standards.
- 6. Fall Protection Training Requirements** – Though fall safety is addressed above, it is such a prevalent issue that there are separate OSHA requirements for how employees are to be trained in fall safety. There should be a formal Fall Safety Program in place as part of the overall Safety Plan, and employees should be trained and retrained frequently in the potential fall areas of their facility. Employees should be able to demonstrate that they know what to do in the event of a spill, or when products or equipment are infringing upon a thoroughfare.
- 7. Personal Protective & Lifesaving Equipment (Eye and Face Protection)** – PPE is another important part of any company's safety standards and should be provided for all employees. PPE includes eye, face, head and extremity protection, protective clothing, respiratory devices, protective shields, and barriers for mechanical, chemical, radiological or other workplace environmental hazards, and could also include defibrillators or emergency response alarms/outreach. Employees should be trained in the personal protective equipment necessary for each specific task. Customers and visitors should also be aware of a company's PPE requirements (safety glasses, etc.), and employees should be trained to enforce customer use of required equipment.
- 8. Powered Industrial Trucks** – Many business owners have some type of powered industrial trucks such as forklifts or lift trucks. All employees must be trained on the safe operation of such equipment. Employees also have the obligation to warn customers while forklifts or lift trucks are in use. Customers must be aware of the dangers involved with this type of equipment and follow company safety rules.
- 9. Machine Guarding** – Employees should be trained on the proper use of safety guards and must never remove factory guards.

Visit <https://www.plmins.com/lm-osh-22-1/> for the full article.





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# SPOTLIGHT ON:

## PROMOTIONS FOR DIGANGI & HICKS

PLM is proud to announce the promotions of Lindsey DiGangi and Stephen Hicks. Lindsey and Stephen will now serve as Director of Corporate Marketing and Director of Underwriting, respectively.

Lindsey joined PLM ten years ago as an intern and has since risen quickly through the organization. As a member of the PLM team, Lindsey has spent time supporting the underwriting and IT departments and has played a leading role in many key mergers and acquisitions, including the AmTrust transition. In her most recent role, she led our marketing department as corporate marketing manager, where she helped our organization build critical relationships within the lumber and insurance communities.

Lindsey has also been recognized as an “Emerging Leader in the Insurance Industry” by the American Property Casualty Insurance Association (APCIA) and was recently named a “Rising Star in Hardware and Building Supply” among Top Women in Hardware and Building Supply by HBS Dealer.

Visit [www.plmins.com/lm-promotions-22-1/](http://www.plmins.com/lm-promotions-22-1/) for the full article.

## PLM STAFF SETS RECORD WITH PLM UNITED 2021

For the past 126 years, Pennsylvania Lumbermens Mutual Insurance Company’s (PLM) has served as a leader, not only in business, but in terms of charitable giving and volunteerism in the greater Philadelphia community and beyond.

Visit [www.plmins.com/lm-united-way-22-1/](http://www.plmins.com/lm-united-way-22-1/) for the full article.

## PLM UNITED 2021

