



Issue 2 – 2022

# LUMBERMEMO

PENNSYLVANIA LUMBERMENS MUTUAL INSURANCE COMPANY



John K. Smith, *President & CEO*

**We** spent much of the first quarter of 2022 on the road participating in a variety of wood association trade shows and meetings, as well as visiting customers and prospective clients. It was great to be back out and about! The message I heard loud and clear from most of those I spoke with throughout the country is that **business is strong and in some cases even “booming.”**

PLM enjoyed a successful first quarter, with new business exceeding expectations and renewal retentions soaring. Quite a bit of our new business came from last minute opportunities presented to us when a competitor surprised the client with “terms and conditions” that were simply unacceptable, forcing the client to shop their coverage immediately before the renewal date. There are two points I want to make. First, PLM sends renewal quotes to brokers fairly early in the renewal process (additionally, if for some reason we need to part company, we send those notices out early as well). You have too much on your plate to deal with last minute surprises from PLM or any insurance company. Second, we were able to respond to these last-minute opportunities, and in many cases were successful in securing the business. It was, and is, surprising how many of these new accounts were clients we have insured before and that left us for greener (no pun intended) pastures and are now returning home to PLM.

We are enjoying outstanding renewal retention that we believe is an affirmation of the faith and confidence our customers place in us and our ability to help them manage their risk. Our customer retention is now just under 95%, the highest I’ve seen at PLM or any place I have worked during my long career.

January and February results were profitable and much improved over the first two months of 2021. On the other hand, March was indeed unkind to us with several large fires reported and a significant number of reserve increases on auto and general liability claims. Weather played a much smaller role this year as we escaped the winter season relatively unscathed.

Loss Control and Business Development Representatives worked diligently through the first quarter helping insureds improve their risk management capability. We spent a lot

of time working with people on auto fleet safety which has become almost a continuous activity over the last several years.

A drop in new claims activity was indeed a bright spot for us. Unfortunately, particularly in the auto and general liability area, the severity of claims settlements and awards juries are handing out is offsetting the benefit of this trend of lower claim frequency.

Our webinar series has resumed, and we recently featured a webinar for insureds on “Anytime Risk Management,” an online loss control survey that puts you in control of the risk management review process. This program gives you the opportunity, any time you want, to walk your premises and prepare a report via your smart phone or tablet. That report can be uploaded for review by one of our loss control reps. They will later reach out to you and provide their professional analysis of the walkthrough. While it is not intended to replace visits to your premises by PLM, it is intended to supplement your current safety practices by giving you easy access to our risk management expertise.

We congratulate two of our younger colleagues, Chase Luffey (underwriter) and Matt Kienholz (regulatory manager), for concluding their studies and earning CPCU designations during the first quarter. Their efforts, and those of almost every PLM employee to continue their education guarantees insureds will have the opportunity to work with world class members of the PLM team when the need arises.

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Cyberattacks remain a focus, and we were pleased with the effort by all our employees who have been involved in a continuous training program on this topic. We work closely with an outside cyber security consultant and encourage all our insureds to gain an understanding of this area and commit to a comprehensive program to guard against cyber-related activities. It is imperative to understand wood businesses are not immune from cyberattacks. We receive a steady flow of claims in this area from our insureds, some covered by insurance, some not.

While we thought COVID had quieted down, as I write this, Philadelphia is reinstating its mask mandate and we are seeing an increase in cases in the metro New York/Philadelphia areas. We still have not returned to the Philadelphia office. Before COVID, less than 50% of our employees worked in Philadelphia. This number continues to shrink as we try to staff underwriters closer to their assigned geographic territories and broaden our customer service staff geographically. Transactionally we have not had any significant problems in operating remotely. Our Net Promotor Scores seem to indicate we are performing well in the eyes of our stakeholders. We are looking at several different hybrid approaches to returning to the office but have not settled on any one course of action. Meanwhile, we are going to start bringing the leadership team back into the office a

couple of times a month starting in late May. We also are bringing the entire team to Philadelphia for a national meeting in May. We are committed to taking our time and making COVID-related decisions that are in the best interest of all our stakeholders -- our insureds, brokers, employees, their families, and PLM.

In closing, you might remember that several years ago my wife and I shaved our heads in support of St. Baldricks, the leading non-governmental supporter of childhood cancer research in the United States. Today, many organizations are coming to understand that employees are looking for them to be socially involved. We at PLM have a deep commitment to United Way and volunteering at different local organizations. Our matching gift program allows employees to give to many different charities with additional support from PLM. Every employee is given a day each year to use for community volunteering and of course we still support St. Baldricks. In fact, you will be hearing a lot more regarding this charity as we begin to reach out to explore the charity with our insureds, their associations, and affiliated organizations.

I look forward to the next time our paths may cross. In the meantime, we wish you much success. Should you have any questions, thoughts, or comments please reach out to me at [jsmith@plmins.com](mailto:jsmith@plmins.com) or 267-825-9246.

## CYBER CORNER

### DON'T BECOME A VICTIM, KNOW THE TACTICS

Cybercrime is big business – and happens more often than you think. The cybercrimes you hear about on the news are just the tip of iceberg. In fact, one happens every 36 seconds! By being aware of the common tactics and attacks hackers use can help minimize the risk to you and your business.

Here are two common tactics that cyber criminals employ and some takeaways to help protect yourself:

#### **INFORMATION GATHERING:**

Social media is a gold mine of information hackers can use to trick you and your co-workers. Each piece of additional information gathered increases their odds for a successful attack. Some examples of things you should never share are travel plans, your organization's internal processes, or less obvious pieces of information like reports, financial information, or even the software your organization uses.

#### **TAKEAWAYS:**

Be careful what you share. Ask yourself if the information you're about to post will be useful in conning you or your co-workers. Visit [www.plmins.com/lm-cyber-22-2/](http://www.plmins.com/lm-cyber-22-2/) for the full article.

## THE TRUE COST OF SUCCESS

### **Genevieve Ventiere, Brokerage Marketing Manager**

With the costs of building materials continuing to rise, many businesses within the wood industry are seeing a huge increase in demand for building products. The current boom in building and need for materials has led to huge profits for businesses in the wood industry and building sectors. But, is there a hidden cost to success?

A business is only as good as its employees. We need people to keep machinery running, to keep shelves stocked, and to load, unload and deliver materials. We need our employees to be efficient, reliable, and safety conscious for the business to run smoothly, to keep customers satisfied, and to keep up with an ongoing increase in demand.

Business owners need to remember to continually equate sales and profit with their employees and employee safety, because no matter what's going on in the market, a business will not be successful without its employees.

Over the last few years, PLM has seen its customers experience significant financial success due to the increase in demand for building materials. What we have also seen is an increase in the number of employees needed for our insureds to meet their customers' expectations. There are several major concerns that business owners need to take into consideration when they are being tasked with hiring in a hurry during an economic boom.

Visit [www.plmins.com/lm-success-22-2/](http://www.plmins.com/lm-success-22-2/) for the full article.

# PLUMB SAFETY: PREPARING YOUR BUSINESS FOR HURRICANE SEASON



Summer is right around the corner and this year businesses could be gearing up for another above-average storm season. Last year, of the 21 named storms that occurred, 11 were considered hurricanes or major hurricanes, leaving business and property owners with billions of dollars in damages.

Experts predict this season will be similar to the last few years, though it is still too early to tell. According to Colorado State University (CSU) Tropical Meteorology Project, the Pacific Ocean's lower temperatures, or La Niña, could persist through the summer, resulting in another active season of storms and hurricanes. CSU's forecast states a potential for four to five major hurricanes, nine to 11 hurricanes and 13 to 16 named storms from June through November 2022.

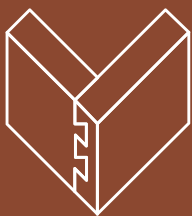
Although storm season is inevitable, lumber and wood businesses can take steps to mitigate risks including power outages, fires, structural damage, flooding and the subsequent business interruptions disasters can cause. In addition to securing an insurance policy, the following best practices can help lumber professionals prepare their businesses for severe storms and hurricane season:

- **Have a plan and train staff:** Implement a disaster plan complete with designated roles for staff to assume in the event of a catastrophe. Train staff on the plan and run disaster drills to familiarize them with their tasks and safety protocols.
- **Protect the property:** Inspect the roof for structural damage

and the property for any potential exposures and repair or replace damage where necessary. Consider investing in protective equipment such as impact-resistant doors and windows.

- **Consider a generator:** A generator can be essential to maintain business operations and a safe work environment when disaster strikes. Make sure generators are routinely maintained and in working condition.
- **Secure outdoor equipment or inventory:** Any business equipment or product that is stored outside should be properly secured or brought indoors. Any stock that cannot be stored inside should be stacked low. Loose stacks should be bundled to help prevent damage to structures from blown debris.
- **Conduct regular tree maintenance:** Loose tree branches can damage windows, structures and cars. Make sure trees are trimmed and maintained throughout the property to avoid breaking and falling branches.

Storm season can be daunting for business owners, especially as property maintenance may fall to the wayside as business increases in the summer. To understand your business' specific risk, reach out to PLM for a site visit and risk assessment. For additional information on mitigating risks to your lumber business during storm season, visit PLM's loss control guides. Additional resources can also be found at [disastersafety.org/hurricane/](https://disastersafety.org/hurricane/) with information on how to make your business hurricane ready.



## THE DOVETAIL:

### GOOD NEWS: YOU'RE BUSY. BAD NEWS: YOU'RE VULNERABLE

#### Lindsey DiGangi, Director of Corporate Marketing

As a business owner, the most important thing you do every day is to make sure that each of your employees gets home safely at night. The next most important thing you can do is ensure they have a job to come back to in the morning. The same can be said for your customers as they trust and rely on you.

Every decision you make is an opportunity, but it is also a risk. When it comes to the health of your people, your customers, your community, or your reputation, don't let conflicting priorities cloud your judgment.

Business is busy right now, and that's doubly true for the lumber

industry. For much of the industry, there has been record growth over the last couple years. However, this success has not come without many pain points. With persistent supply chain delays, you may be struggling to find the supplies and inventory you need to keep your businesses moving forward. On top of supply chain issues, the Great Reshuffling has disrupted the labor market and may have caused you to operate short-handed. With so many competing priorities, we understand that urgent issues demand your immediate attention. However, it is critical that you do not neglect your normal, day-to-day risk exposures.

Visit [www.plmins.com/lm-vulnerability-22-2/](https://www.plmins.com/lm-vulnerability-22-2/) for the full article.



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# SPOTLIGHT ON:

## KRISTIN WILSON PROMOTION:

PLM is proud to announce that Kristin Wilson has been promoted from Senior Business Development Representative (BDR) to Regional Field Manager. Kristin joined PLM in 2017 as a BDR and was promoted to Senior BDR in 2020.

During her time with PLM, Kristin has excelled in representing the Texas and New Mexico territories. She supported PLM with the development of new business opportunities in those regions, built strong relationships with customers and prospects, and consulted with businesses across the areas to assist them with coverages and loss control recommendations.

In addition to her work building new business pipelines, Kristin has been active within PLM. She served on the 2020 and 2022 National Meeting Committees and has presented on various topics at the BDR Regional Meetings and the companywide Sales Training Series. Recently, she was a host for the 2022 PLM Virtual Summit, worked on PLM's CRM and ARM testing groups and was featured in a PLM produced video for the HBS Top Women in Hardware Award.

Visit [www.plmins.com/lm-promotion-22-2/](http://www.plmins.com/lm-promotion-22-2/) for the full article.

## UPCOMING EVENTS LIST:

Here are some of the upcoming events where you can find us!

1. IHLA Casting for a Cause Fishing Tournament – 5/14 – Rockville, IN
2. Decorative Hardwood Association Annual Spring Conference – 5/15-5/17 – Nashville, TN

Visit [www.plmins.com/lm-shows-22-2/](http://www.plmins.com/lm-shows-22-2/) for the full list.

**Our 2021 Annual Report is available @**  
**[www.plmins.com/about/financials/](http://www.plmins.com/about/financials/)**

**PROFITABLE GROWTH**

As indicated earlier in this report, we produced a record broking premium of \$304.8 million in 2021. In addition, new business was robust. With a target of \$26 million, PLM produced \$28.8 million of new premium. In order to accomplish this task, we generated just north of 3,000 new submissions. Traditionally with 2021 not an exception, we turn down 60% of those submissions for various underwriting reasons ranging from: the prospect is not in our niche, the submission is incomplete, the required risk management standards are not in place, or pricing is not competitive. Ask for name some. However, we were successful in writing