



Issue 2 – 2021

PRODUCER UPDATE

PENNSYLVANIA LUMBERMENS MUTUAL INSURANCE COMPANY



John K. Smith, President & CEO

It is truly with a heavy heart that I must open this edition by informing you of the passing of Kathleen Christine Dalton, PLM's Assistant Vice President of Operations. While there is an article focused on Kathleen, it is noteworthy to say that she was a key member of our leadership team here at PLM. Her unexpected passing has been difficult for my colleagues and me to absorb. She was a good friend with whom I worked closely with for many years, a colleague who had my complete faith and confidence, and someone who excelled in working with customers and brokers alike. She was a talented and extraordinary insurance professional who understood the wood business and was taken from us much too young. Our thoughts and prayers are with her family.

As we move on to review the first quarter's results, I must say to be honest, they are indeed mixed. After experiencing robust premium growth in 2020, we saw a slowing down in our production results. While revenue grew slightly on a year-over-year basis, we did not achieve the new business objectives that we set for ourselves in January or February. Somewhat cautiously and optimistically, March new business was very strong, and it appears that we had a very good April 1st, which bodes well for April production results. Renewal retention remains very strong, which we take as an indication of the value our customers perceive in a PLM relationship.

Profitability was negatively impacted by the Arctic weather that business owners in many states throughout the country endured. At the end of the day, this will be a major event for the insurance industry and has had a negative impact on our first quarter profitability.

Policyholder surplus remained flat for the most part, over a year-end basis, but was up dramatically on a first quarter basis.

We continue to be concerned about commercial auto losses, particularly in the retail/wholesale building material dealer class **where we have not seen the significant improvements in terms of risk mitigation** that we are witnessing in the light and heavy manufacturing classes. Heavy and extra heavy trucks are the root cause of the problem which has only been exacerbated for those accounts located in metropolitan areas, and/or in less than favorable judicial environments.

While we are busy implementing and working on a significant variety of risk management and loss control programs focused on auto, these programs are not yielding the positive change that we would like to see at this stage. The reality is, it is becoming clear that management and ownership involvement at the customer level is the key to fixing this problem. Management and ownership must take an active role and be committed to improving the operating environment for their auto fleets. Without that key ingredient, all the loss control programs and premium increases in the world will not have the effect needed to bring profitability into this line of business.

Clearly, we are not alone in this. The entire insurance industry is reacting to the lack of profitability in the auto, general liability and umbrella classes, and the subsequent rate increases and the restrictions in coverage and capacity are becoming more problematic as the new year wears on.

The new program that we launched to insure Wood-Mizer equipment, and other types of portable sawmills is catching on and we are seeing a steady flow of this business, as noted in the following article in this edition.

I wanted to close my commentary with a few quick but important points.

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- Copper thefts have risen dramatically due to the rising price of copper. If your clients have facilities that are currently unoccupied or that they are rarely using, please recommend that they secure their operations tightly and think about installing some type of motion detectors on the property to alleviate this concern.
- If your clients are operating a facility that has been shut down, please suggest that they follow the machinery and equipment manufacturers' start-up procedures. If this equipment has been idle for any length of time, they should not simply turn on the switch and walk away expecting everything to work normally! It is a quick way to a devastating loss.
- As we all know, property values are soaring. A recent insurance trade journal article indicated that 70% of businesses are under insuring their properties today. You and your clients should think about the soaring prices of building materials, and then consider whether or not the business has enough coverage. The answer is likely no. We suggest that business owners reach out to our loss control and business development representatives for a conversation regarding this very topic. The last thing your clients will want is be caught short after a loss from a property coverage standpoint.
- We have seen an increase in wood burning stove losses. If this exposure exists in your client's operation, we encourage them to review the risk management resources on our website on the proper insulation of wood burning stoves and our position on burn barrels. As always, our loss control and business development representatives are available for a conversation regarding this topic.
- Producers can also remind their clients of the importance of

cyber training. We are doing it at PLM almost every quarter. Unfortunately, we learned the hard way that this type of commitment was necessary. We recently heard of two or three lumber dealers who were forced to pay ransoms to get back control of their systems. Don't let your client be the next one. If your client would like some advice regarding the different types of cyber training available please have them reach out to Erin Selfe, our Vice President of IT, at eselfe@plmins.com. She can point them in the right direction to get them started with a smart cyber training program.

- After several years of profitability, we are seeing an increase in our EPLI claims (see accompanying article). The political environment, COVID-19, and the "Me Too" movement has heightened people's awareness and is driving activity. When your clients purchase EPLI coverage from PLM, they get more than just an insurance policy; there are a host of tools available to help them understand what needs to be done to control EPLI exposure in their business. It is always someone else's business that has the problem in this area until it is not.
- Our commitment to professional education continues to be strong. We are delighted to see one of our younger underwriters achieve her CPCU designation, the insurance industry's premier designation. Marlaina Hahn, who has a Risk Management degree from Temple University and has been with us a short two years, recently completed her last exam to earn her CPCU. We are extremely pleased to have her on the PLM team.

I covered a lot of material in this commentary, and I hope you came away with an idea or two that can help you and your clients move your business forward. Should you like to chat, please do not hesitate to reach out to me at jsmith@plmins.com or at 267-825-9246.



Your neighborhood is made up of many different people and operations that you may not be aware of. Learning about new markets and the different business types that comprise them can be a difficult task, but on closer inspection we want to show you that the lumber, woodworking, and building material industries are an integral part of your community.

That's why we launched our new appetite tool for insurance producers, the **Interactive Protection Map**.

Visit www.plmins.com/pu-map-21-2/ for the full article.

THE FINANCE CORNER

WHERE'S MY PAYMENT?

By Chris Derby, *Senior Customer Service Representative*

The traditional method of mailing payments has long been referred to as "snail mail". A frequent question our Customer Service team hears from insureds is, "Did you receive my payment?"

COVID-19 has brought about many challenges for everyone over the last year and our US Postal Service is no exception. USPS has been down workers due to illness and stretched to capacity with increasing delivery demands. Add to that extreme weather, the holidays and now tax season and it's no wonder delivery has been affected.

Customers have expressed concern with mail delays, so we would like to offer some premium payment options of which you and your clients may not be aware.

First, PLM offers Electronic Funds Transfer (EFT). This safe and convenient form of payment is handled electronically between the customer's bank and our own.

Visit www.plmins.com/pu-pay-21-2/ for the full article.



THE DOVETAIL: THE RISE IN EPLI CLAIMS

As we continue to navigate the COVID-19 pandemic, the lumber industry has had to work through a number of challenges. One of the most frequent claims we've seen throughout the pandemic from our insureds has been employment practices liability claims (EPL). Employment practices liability claims include wrongful termination, workplace harassment, retaliation, discrimination and more. With staff changes becoming more frequent and with greater workplace challenges due to the pandemic, wood businesses have become more susceptible to EPL risks than before.

We've seen an increase in claims on discrimination cases and large claims, including claims related to disability, age, gender and wrongful termination. In fact, in 2020, the U.S. Equal Employment Opportunity Commission (EEOC) received 67,448 charges of workplace discrimination. Of these cases, the most frequent claim was retaliation (often combined with other types of charges), which the EEOC explained may be a result of the pandemic, as COVID-19 has made working conditions much more difficult.

There are several practices brokers can recommend to their clients to mitigate EPL risks. One of the best ways their clients can protect their businesses is to secure employment practices liability insurance (EPLI), which is often not included in a business owner's policy. An EPLI policy covers the legal cost of defending against EPL claims, providing employers with a means to protect their business in the case of a claim. Coverage also includes liability as defined. EPLI provides protection against a number of employee lawsuits, including discrimination, wrongful termination and harassment claims. Brokers can recommend an EPLI policy to their clients as a proactive means of preparing for this risk. Unlike our competitors' forms, the PLM EPL coverage form automatically includes Third Party coverage for claims of discrimination and sexual harassment brought by clients, customers and vendors.

PLM has offered EPLI coverage since 2015, and our plan comes with several added benefits. With a PLM EPLI policy, we also offer our EmployerProtection.net. Here, we provide critical resources your clients can use to minimize the chance of harassment, wrongful termination and discrimination claims. The EmployerProtection.net is regularly updated to provide insureds with best practices as legal requirements change. In fact, it now includes an entire resource section addressing the pandemic. Other important resources include policy and procedural guideline templates, including an Employee Handbook and even training modules, all to minimize these exposures. Furthermore, we offer a toll-free legal advice line for our EPLI insureds, specialized claims handling by experienced professionals and access to experienced employment law firms. Use of this Legal Advice Line does not erode the limit for defense and liability.

Visit www.plmins.com/pu-epli-21-2/ for the full article.

ABM, PLM'S IN-HOUSE BROKERAGE

By **Genevieve Ventiere, Brokerage Marketing Manager**

PLM has been a part of the wood niche for 125 years and has spent those years getting to know the wood industry - joining its trade groups, following industry market conditions, and assisting in our customers' risk management with the help of PLM's robust Loss Control team. In doing this, we have learned to constantly hone our coverage offerings to best respond to your wood industry clients' needs. With the addition of ABM (Allied Building Materials Agency, Inc.), we're also able to respond to the changing needs and challenges faced by our independent broker partners.

By now, we hope you've heard of ABM, PLM's in-house brokerage. You may have seen emails or flyers or spoken to your PLM BDR or Underwriter about us. Though long dormant, ABM was refreshed by PLM and opened for business in September of 2019. To date, we have helped PLM's independent broker partners place nearly \$3.5M in workers' comp coverage with our carefully chosen carriers.

Workers' compensation coverage was a natural starting point at which to begin growing ABM.

Visit www.plmins.com/pu-ABM-21-2/ for the full article.



A GREAT LOSS TO THE PLM FAMILY

It is with deep regret that we share news of the sudden passing of PLM's own, Kathleen Dalton, Assistant Vice President of Operations. Kathleen passed away peacefully in her sleep on March 9, 2021.

Since joining PLM in 2003, Kathleen's steadfast commitment and dedication guided her rise in the organization. Starting as an Underwriting Assistant, Kathleen was later promoted to the role of Underwriter before entering a management development program in Operations.

Her professionalism and devotion to PLM, her team, and our customers and brokers, led to her appointment as Operations Manager before being promoted to Operations Director.

Visit www.plmins.com/pu-loss-21-2/ for the full article.



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WITH YOU *When You Need Us*

SPOTLIGHT ON: 5% DIVIDEND FOR THE NAWLA DIVIDEND PLAN

The North American Wholesale Lumber Association (NAWLA) Safety Group Dividend Plan with PLM earned a 5% dividend in 2020. This is thanks to their 24.69% group loss ratio after final calculations. Dividend checks will be sent directly to all participants by the end of April.

NAWLA is an international trade association that provides access to relationships and resources that improve business strategy and performance through sales growth, cost savings and operational efficiencies for wholesalers and manufacturers of forest products.

Brokers can provide their clients with access to the NAWLA Safety Group Dividend Plan or any of the other four dividend programs by ensuring they are a member of that association and are insured by PLM. For more information on existing programs, visit www.plmins.com/products-services/dividends/. If you have any questions about PLM dividend plans, please contact Susan Cho at scho@plmins.com or at 267-825-9350.

CURRENT PLM SAFETY GROUP DIVIDEND PLANS:



Our 2020 Annual Report is available @
www.plmins.com/about/financials/

