

WITH  YOU



# PLM

FOR ALL THE TIMES IN BETWEEN

# 2021 ANNUAL REPORT

**PENNSYLVANIA LUMBERMENS  
MUTUAL INSURANCE COMPANY**



## MISSION STATEMENT


To be recognized by stakeholders as America's premier property and casualty insurance company serving the lumber and building materials industries by establishing long-term relationships built on stability in the marketplace, superior service, industry-specific risk management, quality products, and the utmost professionalism as we consistently strive for profitable growth.

## WITH YOU

### WHEN YOU NEED US

"They made contact with us during the pandemic shutdowns. PLM was willing to work with us as we tried to make our way through this difficult time. We have used PLM for many years, and they have been great through hurricanes as well as the pandemic."





PLM ended 2021 with a combined ratio of 99.9%.

There were 11,874 inforce policies and a total of 5,693 accounts with PLM at the end of 2021.

We wrote 633 new accounts generating over \$28.8 million of new business premium in 2021.

We wrote \$304.8 million in direct written premium in 2021 with an 85.8% policy count retention and 99.5% premium retention.

Our total assets surpassed \$570 million in 2021.

99% of PLM employees participated in professional development in 2021. A total of 115 exams were passed with 14 employees earning designations through The Institutes, and 5 employees earning other designations/certifications.

We were not only recognized as one of the 2021 Top Workplaces in the Greater Philadelphia area by The Philadelphia Inquirer, but also honored with national recognition as one of the Top Workplaces USA.

With PLM events and shows picking up again in 2021, PLM participated in a total of 139 shows – 74 wood industry events and 65 insurance-related events. A total of 66 different PLM employees attended these shows.

Over 2,212 brokers partner with PLM throughout the continental U.S. In 2021, 63 new brokers wrote business with PLM.

# PLM AT A GLANCE

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Through it all, the one consistent strength we relied on to fulfill our promise to our policyholders and other stakeholders was the PLM team, our employees.

WHEN YOU NEED US • WHEN YOU HAVE A LOSS • FOR YOUR RISK MANAGEMENT NEEDS • WHEN YOU NEED A  
TO GIVE YOU PEACE OF MIND • IN OUR SHARED PURPOSE • AS YOUR BUSINESS GROWS • TODAY AND  
FOR YOUR RISK MANAGEMENT NEEDS • WHEN YOU NEED A LOCAL RESOURCE • THROUGH  
WHEN YOU NEED A SAFETY PARTNER • TO GIVE YOU PEACE OF MIND • TO CELE  
AS YOUR BUSINESS GROWS • IN OUR SHARED PURPOSE • TO QUICKLY GET YOU BA  
TO GIVE YOU PEACE OF MIND • TO PROTECT AGAINST THE UNEXPECTED  
WHEN YOU NEED A LOCAL RESOURCE • WHEN YOU HAVE A LOSS  
TO QUICKLY GET YOU BACK IN BUSINESS  
WHEN YOU NEED US

WITH  YO  
PLM  
FOR ALL THE TIMES IN BETWEEN

WHEN YOU NEED  
TO GIVE YOU  
FOR YOUR RISK  
WHEN YOU NEED  
AS YOUR BUSINESS  
TO GIVE YOU  
WHEN YOU NEED  
FOR ALL THE TIMES IN BETWEEN  
WHEN YOU HAVE A LOSS  
UNEXPECTED  
IN BUSINESS  
YOUR SUCCESS  
YOUR BUSINESS



**LIKE MANY BUSINESSES THROUGHOUT THIS COUNTRY, PLM** experienced a very challenging year in 2021. We encountered many opportunities, as well as difficulties. Through it all, the one consistent strength we relied on to fulfill our promise to our policyholders and other stakeholders was the PLM team, our employees.

## PRESIDENT'S MESSAGE

Like yours, our employees faced the continuing COVID challenges of trying to lead “normal” lives while conducting business, which varied greatly by geographic location. PLM continued to operate in a remote environment due to the severity of the pandemic in the Philadelphia area where more than 50% of our employees call home. To further complicate things, the Philadelphia-based employees were residents of four different states, each of which had different COVID procedures that needed to be followed.

COVID has taken a toll on all of us directly or indirectly. Early in the pandemic, our employees reported to be generally unaffected (except in one tragic situation). However, toward the latter part of 2021, many employees or their family members tested positive for COVID-19 and as a result, were faced with a myriad of health issues both mild and severe. COVID penetrated many of our employees’

homes, so even those that did not contract the illness had to take time to care for family members who were not so lucky.

While wrestling with all of this, we still had to conduct our business operations, as did you!

### **MANAGING TEAMS AND OPERATIONS IN A NEW ENVIRONMENT**

There are many strong opinions about COVID, and many people who want to voice their opinions loudly – feeling their opinion is the right one. Frankly from my viewpoint, discussing COVID in the business world is akin to carrying on conversations regarding politics and religion. It’s simply too volatile a topic.

If you are leading an organization and trying to manage your way through the pandemic, you may have your personal opinion on one hand, and then your business or leadership





From a financial viewpoint, 2021 was a good year. PLM produced record-breaking premiums of \$304.8 million. We now manage the largest book of wood-related property and casualty insurance business *that's ever been assembled*. Over the past two decades we have climbed from being a tertiary player in the wood niche to the market leader.

## WITH YOU

### FROM THE TOP

"When we had a claim, PLM made sure we were up and running quickly. Everyone from the front line to the President at PLM had our backs!"



position on the other. Sometimes they are aligned, sometimes not. In this environment, many seem to be focused on themselves and their family's safety and rightly so. However, in leadership, your focus must extend to your employees and their families, the company, the customers, and other stakeholders.

As you likely experienced in your business, we wrestled with the "Great Resignation". We decided early on that despite the fact that we started with a very strong group of employees, we would use resignation as an opportunity to strengthen the organization further. While many are struggling to find people, let alone quality people, we have not experienced a noticeable change in attracting the quality of professional expertise and staff that we need to enhance our overall organization and operation.

Many businesses are also wrestling with the issue of diversity. We are proud of the diversity that has become a reality at PLM. For years we have hired the best possible candidate regardless of the color of their skin, religious affiliation, ethnic background, or sexual identification. The result is a diverse and talented workforce. Are we satisfied with where we find ourselves? Somewhat, but we are always looking to improve and to move forward. We spent considerable energy, time, and money to enhance the diversity of our leadership team and are working in a similar vein as it relates to our Board of Directors.

Finally, we are pleased with the progress and advancement we have seen among our newer staff, managers, and professionals as they grow and develop in their careers. We are hopeful when the time for leadership transition occurs, we will be able to do so organically, although I believe it is always good to sprinkle in an occasional "outsider" to ensure fresh perspective.

### **TACKLING NEW CHALLENGES**

From a financial viewpoint, 2021 was a good year. PLM produced record-breaking premiums of \$304.8 million. We now manage the largest book of wood-related property and casualty insurance business *that's ever been assembled*. Over the past two decades, we have

climbed from being a tertiary player in the wood niche to the market leader. Our brand awareness has indeed elevated. We enjoyed an underwriting and operating profit, and our policyholder surplus soared to a record-breaking \$194.7 million, up over 15% during the last year. Profit and policyholder surplus were up despite a surge in claim costs from a building material, auto parts, and healthcare viewpoint, as well as persistent social inflation.

Even with the strong financial numbers, we were faced with some significant challenges in 2021. Our membership or account growth was down, by around 2%. While that may seem insignificant, it is not a trend we want to see continue.

COVID travel restrictions and event cancellations dampened our ability to interact on a face-to-face basis with customers and brokers. This negatively impacted our ability to strengthen our current relationships and to develop new ones. We were excited to see show activity ramp up again later in the year, allowing us to attend events, conventions, and shows once again.

Cyber-related challenges continued to grow, and are of increasing concern to both PLM, our customers, suppliers, and other stakeholders. That said, we have been engaged in continuous cycles of training and retraining our team on cyber awareness and prevention, not only in their professional lives, but also in their personal lives. In fact, we suggested they share the cyber information and training with their families. While we feel good about where we are, we are continuously pushing to get the message across to our insureds regarding the importance and need for cyber risk management in their businesses, especially in today's increasingly online environment.

Time service issues continued to create challenges for everyone due to COVID-related absences not only at PLM, but also with our suppliers, brokers, and in some cases customers.

Though we were successful in placing our reinsurance program at the beginning of this year, pricing was dramatically up across the reinsurance marketplace.



## INDUSTRY INVOLVEMENT

### **TODD BYRD**

NAAIA (Membership Committee)

### **LINDSEY DIGANGI**

NAMIC (Annual Convention Committee),  
IHLA Board, HMA (Next Gen Council),  
NAWLA (Leadership Summit  
Committee), ISOP NextGen Board

### **STEVE FIRKO**

NAMIC (State Affairs Committee)

### **ANGELO GANGUZZA**

FAIA (Workforce Development & INVEST)

### **BJ GARDNER**

PAMIC (IT Committee)

### **RICH HALL**

Insurance Society of Philadelphia (ISOP) Board

### **JEFF HENDERSHOT**

American Society of Safety Professionals (ASSP)  
Central PA Chapter (VP & President Elect), PAMIC  
(Education & Underwriting Committees)

### **STEVE HICKS**

CPCU Society Philadelphia Chapter (Treasurer)

### **MATTHEW KIENHOLZ**

NAMIC (State Affairs Committee)

### **JIMMY KOSHY**

PAMIC (Underwriting & Loss Prevention  
Committee), PAMIC (Convention Committee)

### **HERMAN SANCHEZ**

LAT (Convention Committee)

### **ERIN SELFE**

PAMIC (Board & PAC Board), PAMIC (IT  
Committee), Aite-Novarica Insurance Technology  
Council, Aite-Novarica Women's Network Leader

### **JOHN SMITH**

Griffith Foundation Board, The Institutes Board,  
Hardwood Federation (Board & PAC Board)

### **RICK ZORMAN**

IHLA (Treasurer)

The market worldwide tightened due to poor loss experience in just about every line of coverage. Not only was pricing up, but coverage became more restrictive. Today, we spend more than \$85 million on reinsurance. Almost one-third of every premium dollar that members (policyholders) pay us is passed along to the reinsurance community in support of our operation.

On a more positive note, ABM, our agency, completed its second full year of operation. ABM's initial focus was on supporting our customers for their workers' compensation needs. ABM produced in excess of \$5 million of premium. During the year, we reworked workflows, ramped up staffing, and retrained the entire PLM team on ABM. While we fell short of the production levels we had anticipated, we were pleased overall with the results. We will continue to grow our workers' compensation business in this operation while broadening our product offerings as we move through 2022. We will discuss ABM further in this report.

## **BUILDING A BETTER FUTURE FOR OUR INDUSTRY**

We were pleased when Erin Selfe, Vice President of IT, was asked to join the Board of Directors of the Pennsylvania Association of Mutual Insurance Companies (PAMIC). PLM financially supports a number of insurance organizations, as well as more than 80 wood groups, and participates on many of their committees and boards. We believe our involvement not only helps strengthen and grow the many organizations in the insurance and wood industries, but also enhances the PLM brand. We are particularly interested in supporting the educational efforts of the associations and groups our customers support. In line with our aforementioned commitment to diversity, we are also a major player in supporting various women's groups across the insurance and wood industries. Late in the year, we were pleased to share Lindsey DiGangi, our marketing director, garnered well deserved recognition with the 2021 Rising Star Award at the HBSDealer Top Women in Hardware & Building Supply event.

## WITH YOU

### **TO SUPPORT THE INDUSTRY**

"You have been an advocate and supporter of the lumber industry for many years. When many other companies decided this was not a good space for them, you stuck with us."

A decision was made in late 2020 to expand and strengthen our Regulatory and Government Affairs (RGA) operation to keep pace with our expanding premium and customer base. Our RGA team works proactively and strategically to promote product enhancements and the development of new products to best serve the needs of our customers. The team not only monitors the state and federal legislative landscapes, but also looks for emerging issues and trends within society and the insurance industry that may have an impact on our business.

RGA is also responsible for revamping our business continuity plan. In preparation of an unforeseen significant event, we respect the importance of being able to continually serve all stakeholders, including our insureds, claimants, and broker partners.

RGA has taken over the responsibility to actively participate with our national trade organization, the National Association of Mutual Insurance Companies (NAMIC), in pursuing a nonpartisan legislative agenda of significance to mutual insurance companies like PLM. More than 60% of our employees and our full Board of Directors support the NAMIC PAC. The PAC works to ensure lawmakers on both sides of the aisle are educated regarding issues key to our industry. Perhaps, just as importantly, we are actively engaged with our customers' political organizations across the wood industry, helping them to deliver their messages to Congress as well.

We were pleased in the spring of 2021 when A.M. Best, the insurance industry's foremost evaluator of financial stability and strength, chose to affirm our financial rating of A- "Excellent" with a stable outlook. We continue to work to strengthen this prestigious organization's view of PLM's operations and results.



We were also recognized as a **"BEST PLACE TO WORK IN PHILADELPHIA"** for the third year in a row. Further, we garnered the same recognition on a national basis for the first time in early 2021!

### NEW INITIATIVES

We have continually looked to improve upon our old processes to move forward with new and innovative projects. We invested significant resources in the development and rollout of new systems over the past several years. Now, we need to ensure their utilization to maximum effect by our employees, brokers, customers, and others.

Several years ago, we replaced our home-grown legacy transaction systems with commercial software in the Cloud. This year, we began replacing our decades-old COBOL data and reporting system with a new data platform and business intelligence reporting system. Our employees selected the name "WoodWorks" for the new system. WoodWorks consolidates premium, loss, and reinsurance data into our insurance-specific database on the Microsoft Cloud (Azure). The system includes a new "data lake" that will allow us to prototype future system innovations more easily, gain advanced data analytics, and utilize artificial intelligence. WoodWorks features interactive dashboards where anyone in the company can analyze gross and net profitability from many different viewpoints, including product/line of business, region, and business class. They can view the macro results or drill down to profitability and all activities at the policy level, exposing opportunities for analysis in ways not previously possible. All departments played a role in building WoodWorks, which has helped increase adoption and usage across the whole company. Moving into 2022, we will convert our old reports into the new system. We hope to be completely migrated from all COBOL in 2023.



While WoodWorks was under construction, we completed several other projects. With the demand for electronic payments on the rise, especially now with delays in traditional mail delivery, we extended our financial system to allow for direct deposit payments. We can now pay our brokers in a timelier manner via ACH.

Additionally, we expanded our Net Promoter Score (NPS) system, which was introduced in 2020, to provide more than general company satisfaction surveys. Now, the NPS seeks employee-level, transaction-specific feedback for customer service, claims, and loss control. All feedback is loaded into our CRM system so everyone in PLM can see the satisfaction levels for every one of our brokers and accounts. They can also see any follow-up action taken for adverse feedback. We will continue to build out individual surveys throughout the policy lifecycle, which will yield very specific opportunities for service improvement.

In 2021, we completed a study of our underwriting processes to benchmark PLM against the industry to identify technology-influenced efficiency opportunities. We were selected for a beta program with one of our technology partners for an Underwriting Workbench. The Workbench consolidates data and automates some decision making to remove nonvalue-add manual work from the process. This has been rolled out for policy renewals in January 2022. Assuming a successful beta, the Workbench will be the future technology platform for underwriting workflows. The results of the process study will help build our future roadmap for full integration of the Workbench and other process and technology optimization efforts.



In March of 2020, PLM began the process of acquiring the assets of **THE GREEN TREE PERPETUAL ASSURANCE COMPANY**, a company with a history that dates to 1784. Green Tree is the second oldest insurance company in the United States after the Philadelphia Contributionship, the nation's oldest insurance company founded in 1752 by Benjamin Franklin. The assets included

historical documents, fire marks, silverware, books, and portraits – most notably a portrait of George Washington painted by Bass Otis. The acquisition was completed in November of 2021.

Separately, the PLM Ward Benchmarking Performance Study Committee finished up 2021 by accomplishing several key undertakings. The committee's purpose is to review the yearly Ward Benchmarking Performance study. The study analyzes and compares staffing levels, compensation, and business practices for all areas of operations across multiple companies. It allows insurers to measure their results against peer groups and identify areas for improvement. Our committee focused on looking for operational improvements and then creating the pathway for departments to build metrics to achieve expense and efficiency realization, improvements in workflows, and reduce controllable expenses. We are pleased to say their efforts this year resulted in the implementation of a corporate vendor management program and the development of the aforementioned underwriting workbench tool that allows for technology driven processes.



#### **FOLLOWING THEIR LEAD**

In late spring of 2021, we promoted one of our longtime employees, **HAROLD J. JAMISON**, to Senior Vice President of Government and Regulatory Affairs and Human Resources. Harold started

at PLM as a State Filings Coordinator 20 years ago and has also served as a Regulatory Manager, Assistant Vice President and Corporate Secretary. Over the span of his career at PLM, his leadership, proactive management skills and creative approach to problem solving have always put him at the front of the pack.

Later in the fall, we saw the retirement of **CHRISTOPHER CRUCITT**, one of PLM's Vice Presidents.



Chris was a 40+ year veteran of the insurance industry and served PLM and its stakeholders for 14 years. Despite spending most of his career in commercial underwriting, late in his career, in order to facilitate the development of other executives, Chris took on the challenge of revamping our Marketing Department. In addition, he agreed to handle the rollover of the

AmTrust book of business, which we acquired in 2019. A talented leader and team player, Chris was an exceptional member of the PLM team, building excellent relationships with our insureds, brokers, and his colleagues. We wish Chris a long and healthy retirement.

I would also be remiss if I did not take a moment to recognize and thank our group of loyal, dedicated colleagues who work tirelessly on your behalf. We are proud they are investing their careers in the insurance industry with PLM. We have tried to create an environment where they can thrive and grow personally and professionally. Without them, PLM would not be what it is today.

Our Board of Directors has been instrumental in guiding PLM forward. Their wisdom and counsel has

been greatly appreciated particularly during the upheaval experienced in recent years. We appreciate all the effort, loyalty, and dedication they have exhibited.

We thank our brokers who partner with us to represent our policyholders' interests. We value the professionalism and guidance they provide their clients, and the faith and confidence they have in us to recommend PLM.

Finally, I wanted to take a moment to recognize you, the members of PLM, our policyholders. We were founded more than 125 years ago by a group of lumbermen who felt it appropriate that an insurance company (their insurance company) be formed to focus exclusively on their needs. They purposely chose the mutual form of ownership to meet the challenges of the day. We may have wandered into other lines of business over the first 100 years and struggled (as did any number of other lumber mutuals founded around the same time), but for the last 20+ years we have been solely focused on fulfilling the charge that was set down by our founders – “by lumbermen, for lumbermen”. The return to our roots has led to unparalleled success. We are appreciative of those customers who place their faith in PLM. Rest assured, we will do our utmost to demonstrate the wisdom of that decision.

I invite you to review the rest of this annual report and look forward to any questions or comments that you may bring to my attention.

With my deepest respect,

**JOHN K. SMITH, CPCU**

**PRESIDENT & CHIEF EXECUTIVE OFFICER**





# PROFITABLE GROWTH

As indicated earlier in this report, we produced a record-breaking 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, just to name some. However, we were successful in writing 58.2% of the accounts that we quoted, which is an excellent "hit ratio". These accounts were both large (more than a half million dollars) and small (starting at \$1,500) as you would expect associated with wood businesses.





Close to 90% of our customers decided to renew their coverage with PLM, which we feel is a testament to the value that our program delivers to our policyholders.

Smaller accounts can still qualify for a two-year policy at renewal, something that both brokers and insureds seem to appreciate. Unlike other companies' multi-year programs, PLM does not have an annual rater endorsement. Our rate remains level throughout the policy term while premiums may adjust based on changes in exposures such as additional autos.

### TACKLING RATE INCREASES

While rates in the niche were generally up (not only at PLM, but also across our competitors), we felt we did a better job this year focusing rate increases in areas where they were needed most. This is a challenging statement that many insureds will raise their eyebrows over. Some will lament or question the need for a rate increase because they've never had a loss or haven't had a loss in a while. It's a good question and a valid statement to explore. The reality is in the wood niche, we don't manage "frequency of loss", we manage "severity." Frequency of loss in this segment can make a business an extremely high hazard account written by a *naïve* underwriter or in the excess and surplus lines marketplace. Insureds will sometimes go decades without a loss right up to the day that the building burns to the ground! Partial losses are indeed rare in our wood niche, hence it's critical that we have enough set aside to pay for those outsized losses that occur all too often in the wood niche.

It is the lack of understanding by other insurers of the fundamental truth that wood burns, not often, but significantly. This leads competitors into the niche and just as quickly drives them from it! 2021 was no different than many other years where we saw competitors that rushed into the niche head for the exits, leaving

their customers scrambling to seek coverage at the last minute. It is rare that one of these new competitors that enter the wood niche do so without an exit strategy in hand! At PLM, we have no exit strategy because we have no desire to exit the business. This is what we do, and what we have done for 127 years.

Exposures soared during the year with general liability exposures (your sales) increasing by 14% on average and property exposures jumping by 10%. While we are not surprised by the increase in sales exposures with the price of lumber and building materials surging, the increase in property exposures caught us somewhat by surprise. This may be from our efforts of underscoring with insureds the fact that their property valuations were low. Our Business Development Reps have been working with our customers and brokers to ensure that building values are adequate and to confirm all sufficient property coverage is in place, such as building, inventory, and machinery and equipment.

### NEW BUSINESS

While many expressed concerns regarding mergers and acquisitions, our books are more balanced than expected. While we lost many accounts to M&A activity, we also gained a significant number as well. Further,

**WITH YOU**

**THROUGH CHANGES  
IN YOUR BUSINESS**

**"Your knowledge and commitment to the  
woodworking field, and your interest in our  
personal circumstances assures us you understand  
the particular, and sometimes changing, needs of  
our small two person company."**



## TYPES OF BUSINESSES WE WRITE

### RETAILERS/WHOLESALERS/ DISTRIBUTORS

BUILDING MATERIAL DEALERS

ENGINEERED WOOD PRODUCTS

EXTERIOR DOORS & WINDOWS  
(PROPERTY ONLY)

FENCE MANUFACTURERS,  
DISTRIBUTORS, AND RETAILERS

FURNITURE STORES (UNFINISHED  
FURNITURE ONLY)

HARDWARE STORES

HARDWOOD FLOORING

HOME CENTERS

IMPORTED WOOD PRODUCTS

LUMBER BROKERS (JOBBER)

LUMBERYARDS (RETAIL/WHOLESALE)

MASONRY YARDS

PLASTIC/COMPOSITE LUMBER

ROOFING & SIDING DISTRIBUTORS

### SAWMILLS & HEAVY MANUFACTURING

BARREL MANUFACTURING  
(COOPERAGE)

DEBARKER MILLS

LOG HOME MANUFACTURER

PALLET MANUFACTURING

PARTICLE, CHIPBOARD, OSB  
MANUFACTURING

PLANING MILLS

PLYWOOD MANUFACTURING

SAWMILLS

VENEER MILLS

WOOD DRYING (KILNS)

WOOD-MIZER/PORTABLE SAWMILLS

the efforts of our marketing department to identify new opportunities within the niche have yielded an ever-increasing flow of new opportunities (submissions) of wood-related businesses that we have not seen before. More than 40% of the aforementioned 3,000 submissions had not come through our front door before this year. Even more curious, our success in pursuing those accounts has been remarkably robust. This has led us to reevaluate the size and scope of the niche that we operate in, suggesting new growth that we must recognize and take into account. We are also seeing more business from new brokers than ever before. We believe this is once again driven by our marketing outreach and our small and rural trade show program that focuses on introducing PLM to new brokers throughout the country.

Our approach to the distribution of our product through brokers who represent the customer to PLM, or as we call it, an open brokerage, allows our customers to pick any licensed property and casualty insurance broker in the country. This means a customer can stay with their local broker, whoever he or she may be. We supplement this by creating a triangular communication program that allows the customer, broker, and PLM to communicate directly with each other at any time, thus strengthening the relationship and improving transparency among all parties.

Our efforts to provide workers' compensation through PLM's agency, ABM, took root in 2021. We are receiving positive feedback from both brokers and insureds for this new offering. We now write workers' comp through our agency on 5% of our business and are looking to double that success in 2022.

### GETTING IN FRONT OF CLAIMS

As indicated earlier, our profitability was strong despite a year of horrible weather events and our commitment to strengthen our auto and general liability reserves.

New claim counts dropped by 6.2%, or 273 events, for a total of 4,122 new claims in 2021. When we first noticed this downward trend in 2020, we attributed it to the slowing of economic activity due to COVID. Our belief now is that all our efforts toward risk management have had their intended impact on new claims. The drop in new events reported allowed our claims staff to focus on open claims. We are pleased to report a 1.1% drop in this area. While pending lawsuits were up slightly, we feel this is attributed to a jammed court system more than anything else.

Large claim activity (as defined as claims over \$100,000) surged in the property arena by 69.8% (207 events). Likewise, the



dollars associated with these events increased dramatically (153.8%) to \$63.7 million. This is the worst result we have seen in our history. On the casualty side, new large losses were flat on a year-over-year basis, but we did see a 152.9% surge in claims reserves associated with these claims (to \$11.7 million).

On the property side, it was all about weather-related activity. We endured two of the largest catastrophe losses when the winter freeze struck in February. Unlike many other carriers, our losses stretched from Chicago south, deep into Texas. Later in the year, Hurricane Ida came ashore and with it, the largest catastrophe event in our history. In both cases, our reinsurance programs kicked in as they were supposed to, resulting for us a manageable financial event.

On top of that there were tornadoes, straight-line winds, floods, hail, and of course, wildfire claims. These events that impacted so many of our competitors negatively did not have the same impact on PLM. We continue to be very proactive in handling these types of events with our customer service people on the phones before, during, and immediately after weather events to make sure our insureds have the information they need to protect themselves and their businesses. We provide them with resources to prepare before a weather event to help reduce or eliminate losses. When loss occurs, we help them complete the loss report so that we can immediately begin the settlement process.

From a general liability and auto viewpoint, we worked hard during the year to strengthen our reserves to reflect the ultimate, expected totals ("terminal values") these types of claims can reach. A change in reserving philosophy is never easily accomplished. Implementing a change to terminal reserving of casualty-related claims is one of the most difficult things to do. We have worked closely with our independent actuaries on our reserving practices while adding a record \$9.5 million into incurred but not reported (IBNR) claims. Today, of our \$200 million in claims reserves, more than 50% of it is allocated to IBNR.

### **ADVANCING RISK MANAGEMENT**

To continually improve on profitability, we rolled out several new underwriting and risk management programs, and reworked a number of previously released ones. We are looking closely at the profitability of large fleet auto exposures in urban areas, particularly on retail and wholesale building material accounts where we still have unfavorable underwriting results. Enhanced underwriting requirements and pricing is a part of the imple-

## **LIGHT MANUFACTURING**

**BAT MANUFACTURING  
(PROPERTY ONLY)**

**BOX & CRATE MANUFACTURING**

**CABINET & CASEGOODS  
MANUFACTURING**

**CARPENTRY SHOPS  
(PROPERTY ONLY)**

**CASKET MANUFACTURING (WOOD  
AS THE PRIMARY COMPONENT)**

**CHURCH PEW & ALTAR  
MANUFACTURING**

**COUNTERTOP MANUFACTURING**

**DISPLAY & EXHIBIT  
MANUFACTURING**

**FENCE MANUFACTURING**

**FURNITURE MANUFACTURING**

**LADDER MANUFACTURING  
(PROPERTY ONLY)**

**LAMINATED WOOD PRODUCTS**

**LATHE MILLS**

**MILLWORK MANUFACTURING**

**MOBILE/MODULAR HOME  
MANUFACTURING**

**MODULAR CLOSET SHELVING UNITS**

**MOULDING & MILLWORK**

**MUSICAL INSTRUMENTS  
MANUFACTURING**

**STAIR MANUFACTURING**

**TRUSS MANUFACTURING  
(WOOD ONLY)**

**WOOD FLOORING  
MANUFACTURING**

**WOOD NOVELTIES  
MANUFACTURING**

**WOOD PRODUCTS  
MANUFACTURING (NOC)**

**WOODWORKING SHOPS**

Visit [plmins.com](http://plmins.com) for a full listing of the types of businesses we write.



mented solution. We are further pursuing tighter risk management and more commitment from our customers' leadership to get involved and take ownership in the loss control of their operations. This past year, we worked with customers to introduce various telematics solutions pertaining to driver safety. Those efforts when combined with enhanced underwriting review of our entire commercial auto book of business have resulted in continued improvement from an overall auto loss ratio perspective. While still unprofitable, we've made significant progress toward returning this line to profitability.

Using InsurTech platforms, we streamlined and expedited the resolution of auto property damage claims. The same can be said for the general liability line of business, which now borders firmly on being profitable.

This past year, we launched a new webinar series for insureds to discuss trends impacting the industry and the best practices insureds can implement to help minimize the total cost of risk. Feedback from attendees was very positive. This program will continue in 2022.

For years, we've discussed the difficulty of writing property insurance on the heavy manufacturing (pallets and sawmills) sector. We've taken many difficult actions, but the result is that we've attained profitability in this segment of our business for the third year in a row. While the results are fragile, we have persevered and been successful at maintaining a marketplace that all others have left. This has allowed us to slightly increase the size of the risk that we were willing to accept in this area.

Our Loss Control Department increased risk improvement service activities by 79% over 2020. Some activities include customer training, service consultative visits, and infrared surveys.

We worked with auto vendor partners to set up carrier dashboards for continuous MVR monitoring and telematics, enabling the loss control team to better evaluate and advise insureds on utilizing these tools. In

addition, we increased the volume of customer guides, resources on our learning management system (video learning), and contributions to trade industry bulletins.

Our Loss Control and Business Development Representatives returned to the road in full force assisting our insureds in establishing or improving risk management operations in their place of business. More than ever before, we responded to a record number of speaker requests, or articles in niche publications highlighting risk management issues.

#### **MANAGING LEGAL AND OPERATIONAL EXPENSES**

Throughout the country, jury verdicts both in and outside of the judicial hellholes, social inflation, time-limited demands, and a variety of other methodologies employed by the plaintiff bar have forced us to reduce the limit of umbrella coverage that we were providing. 2021 saw us implement a \$5 million umbrella limit that many in the industry have followed. This was truly a difficult decision, but we believe it was the best path forward. We continue to look for viable solutions to this challenging issue.

Our efforts from a recovery viewpoint (salvage subrogation) did not yield the expected results with us falling short of our \$2.9 million target by more than \$400,000. We will work more diligently this year to strengthen our performance in this area.

Likewise, we were disappointed in our ability to contain and reduce both legal and nonlegal expenses associated with claim handling. We spent over \$16.5 million in these two areas, up \$1.6 million, or more than 10% during the year.

Just as intensely we have focused on controlling and reducing other operating expenses as an organization. We worked throughout the year to identify and take advantage of any and all savings that we could, while making sure we invested the dollars needed today to ensure our long-term success. ▲





The agency will continue to seek out partners that will allow ABM to expand, grow, and provide PLM and ABM the "opportunity to never say no".

**ABM** (A DIVISION OF PLM) commenced operations a little over two years ago. In 2021, we experienced significant growth in about every key performance metric for workers' compensation. New business submissions grew by 29%, the conversion rate increased by 16%, the quoted to bind ratio grew by 80%, and premium was up 73%, or \$2.14 million year-over-year.

We added new workers' compensation carriers to fill in the gaps that we were unable to meet with our other carrier partners. This is an endeavor that we will continue as we explore additional carriers to build upon our foundation.

The ABM staff participated in and earned the Certified Workers' Compensation Professional (WCP®) Designation. We maintained active memberships in Target Markets Program Administrators Association (TMPAA) and Wholesale & Specialty Insurance Association (WSIA). ABM also participated in several state insurance agents' conferences.

In 2021, the agency added staff that filled critical positions and roles for us to better serve our brokers and customers. We continue to improve workflow processes, distribution enhancements, and communications both internally and externally with our stakeholders.

During the fourth quarter of 2020 and first quarter of 2021, ABM had contracted with several national carriers to expand its capabilities into the property and casualty arenas. Our initial efforts focused on excess umbrella business as PLM looked to de-risk its umbrella portfolio.

We now have the capability through ABM to provide PLM clients with competitive umbrella quotes from

a group of hand-selected carriers. These are A-rated carriers that have taken the time to learn the wood niche.

#### A LOOK AHEAD 2022 AND BEYOND

*The ABM strategy going into 2022 and beyond is "To be recognized by stakeholders as America's premier property and casualty insurance brokerage company supporting and serving PLM, our partner retail brokers and the lumber and building material industries by establishing long-term relationships built on stability in the marketplace, superior service, quality products, and the utmost professionalism as we consistently strive for profitable growth."*

We will look to roll out a competitive product to the marketplace for small retail and home center operations that will utilize technology and ease of doing business practices. We will develop big blocks of program business, offer unbundled services, and look for possible growth through acquisitions.

The agency allows us to round out PLM accounts by placing property, casualty, workers' compensation, and other lines of business with carriers who have underwriting specialization. The agency will continue to seek out partners that will allow ABM to expand, grow, and provide PLM and ABM the **"OPPORTUNITY TO NEVER SAY NO".**





## CYBER SECURITY


Cybercrime is everywhere, and no one is invulnerable. The U.S. Treasury has recommended all states adopt a data security regulation. Whether all 50 states meet the recommended 2022 deadline for adoption remains to be seen.





# ENTERPRISE RISK MANAGEMENT

What risks do you face in running your business? Have you ever attempted to identify and classify them? How do you balance one risk against another? Do you think about how the interplay of those risks, if they occurred at the same time, might impact each other and your business?



Every day, we make thousands of decisions, many that we don't even recognize we are making. Have you thought about the consequences of each of those decisions?

Whether you're an insurance company, like PLM, or a lumber business, like one of our insureds, each decision you make has a consequence. Fully understanding the consequences or outcomes of our decisions is a critical piece of enterprise risk management.

Let's start this conversation with understanding one of the fundamental tenants of insurance. We are in the business of risk transfer. In return for the premium that we accept, you transfer some

portion or all your company's financial risk of loss off your balance sheet and onto PLM's.

While property losses and their outcomes are known fairly quickly in the short term, losses related to casualty exposures such as commercial auto, general liability, or umbrella losses can in some cases take years to be fully identified and settled.

Understanding that bit of information leads you to the next question: How important is it that your insurance company be around when that occurs? Obviously, it's critical! Hence, the need for a deep enterprise risk management program. ►

We, however, are not waiting. In late 2017, PLM performed a detailed cyber risk assessment. It launched a three-year journey dedicated to instituting cyber best practices in alignment with the expected regulatory requirements, common cyber industry frameworks, and internal and external audit controls. We made sure to follow quality risk-management practices to safely service our insureds, brokers, and other stakeholders.

Our program is now fully operational and includes technology, policies, and procedures from annual risk analyses. It includes sophisticated 24/7 cyber-surveillance with artificial intelligence, data encryption, malicious e-mail and phishing detection, automat-

ed patching, monthly vulnerability testing, annual penetration testing ("ethical hacking"), annual cyber incident tabletop testing, and continuous employee phish testing and cyber awareness training.

When assessing our cyber risk, we monitor and track our vulnerabilities and score better than the industry average on our phish-prone risks. We continue to mature and strengthen our defenses against cyberattacks.

This year, we installed software that uses advanced technology and learning algorithms to detect and prevent malicious e-mails from entering our system. Through this technology, we have seen a continuous increase in blocked threats. ►

So, what are some of the types of risks prevalent in your business? Here are some to consider:

What is the survivability of your people?  
What are their special talents? Who is the next generation? What are their leadership capabilities?

What new laws, taxes, and regulations will impact your business?

What does the consumer want? Where do they want it, and how do they want it?

What are some of the new and emerging risks? Ten years ago, did you think about cyber risk or about employee practices liability?

Are you surveying the market to understand your competition? What are they doing now? What will they be doing next, and how will that impact your business?

Are you dealing in a foreign market? Are there currency risks, foreign political risks, or transportation concerns?

What are your investment risks?

In addition to employing network protection software, we have begun encrypting all our employee laptops and providing special software for managing our phones and tablets. We tightened security on our internet browsers given the additional online activity, especially with a remote staff, and have selected a product for password lockers that will be rolled out to our employees in 2023.

While new systems were being implemented internally, an analysis of security risks with our vendors and service partners was also carried out. As a result, authentication controls for accessing our third-party systems were strengthened. This will be an ongoing area of interest as we actively monitor security practices for over 250 third-party business partners and service providers.

Despite our best efforts and preventative steps, we must prepare for the potential of a cyber incident. As the cyber experts state, "not if, but when." We protect ourselves with cyber coverage. With the average ransom nearing a half-million dollars, we've increased our own limits.

That is what we have been doing to protect ourselves against cyberattacks. The question is, what are you doing?

By educating our insureds on cyber risks with virtual presentations and articles that we authored, we are taking steps to share our experience and recommendations with our customers. With data breaches up nearly 20% in the mid-market and the proliferation of ransom attacks, we have prioritized the need for cyber coverage for all our insureds. Standard general liability policies do not cover data breaches and cyberattacks.



What about supply chain issues?

Do your customers create risk?

Do you have cash flow concerns?

Are things slipping through the cracks? Are you so busy that you are not doing routine maintenance on your plant and equipment?

The list goes on. If you sat down and thought through your risks, it would not be long for you to double or even triple the size of this list.

Now, think about all combinations of these factors and how they interact and interplay with each other. When you do this, things can get very complicated.

The next steps would be to develop plans to address each of these concerns. Think of the time it takes to focus on and build out formal programs for each of these issues. How much time should you and your leadership team spend on this? Perhaps just as importantly, how much time, focus, awareness, and planning should your insurance company spend understanding these risks about their business (and yours) to ensure that they are there when you need them most.

Enterprise risk management is a daily way of life for PLM. We have a deep program that is constantly being updated, modified, and reviewed with the intent to identify challenges and opportunities that are out there lingering over the horizon or around the next corner.

Will we anticipate every event, challenge, or opportunity? Probably not, but we assure you it is not from a lack of trying. We spend a significant amount of time on this topic because our chances of recognizing the potential and understanding our path forward is much better than if we didn't.

Is your business really any different? ▲

Most PLM policies, however, have some cyber coverage built in. In fact, the only time we do not do this is when a state regulatory authority has withheld approval of our coverage filings. At the end of the day though, it's not about the coverage, it's about the cyber toolbox that comes with the coverage that our gives our insureds a plethora of important cyber security resources.

A cyber event is heading your way, whether you want to admit it or not. While there is a modest amount of coverage built into many of our general liability policies, this can be expanded to include a comprehensive package of both first- and third-party coverage for protection against data compromise response expenses, computer attacks, cyber extortion, data compromise liability, and network security liability. With cybercrime becoming more of a commercialized practice for hackers, we expect to see continued

growth in terms of policy counts, rates, and limits to combat yet another risk to your business operations. Insurance coverage, while important to help you manage your risk, is not the answer alone. Most importantly, businesses need to be prepared, understand their own exposures, and know how to respond in the event of a cyber attack. ▲

**WITH YOU**

**FOR YOUR RISK  
MANAGEMENT NEEDS**

"We had a great meeting with our loss control specialist and our business development representative. They offered input on improvements that will reduce our risk even further."

2021 was a volatile year for investments. With fixed income returns at historic lows, PLM endured much of the year without any increases in sight. Instability on the equity side of the investment marketplace continues today. A strong rebound in December on the equity front and improved cash flow during the year helped our total investment portfolio surge \$29.2 million to finish the year at \$437.2 million.

# INVESTMENTS

The search for improved returns led us to consider investments in a variety of new sectors. However from an enterprise risk management viewpoint, we deemed it appropriate to generally remain in those arenas that we historically invest in as opposed to ramping up investment risk.

Fixed income investments grew by \$12.4 million to a total of \$320.9 million, the vast majority of which is now invested in corporate bonds. Most of the increases this past year were in the corporate bond area. U.S. treasuries fell to \$31.5 million (a decline of \$1.5 million) while mortgage-backed securities increased by \$1.5 million to \$10.8 million. We continue to be very pleased with our convertible bond portfolio which increased by \$1.9 million to \$22.6 million. Tax exempt state and municipal bonds dropped \$3.3 million to \$50.7 million.

We continue to work to build our “hub and spoke” strategy in the equity world by growing our total stock market index fund by \$3.4 million to \$9.6 million while increasing individual common stock holdings by \$6 million to just under \$38 million.

As longtime real estate investment trust (REIT) investors, we saw a surge in the value of our domestic and international portfolio to just under \$30 million up \$5.8 million on a year-over-year basis.

We continued to have a stake in the energy market, primarily through a master limited partnership (MLP) investment that grew by \$1.4 million to \$9.5 million.

We looked more closely at taking an ESG approach to our overall investment strategy. However, we ended with no finalized formal position on the matter. There weren’t any alternative investment strategies that we felt comfortable adding to the portfolio, and thus remained with a relatively small \$7 million holding spread across three different fixed-income funds.

Not surprisingly, investment income dropped on a year-over-year basis by just over \$1.1 million before expenses and \$1.3 million after. Bond interest income was down \$934,000 while equity dividends dropped \$175,000.

We cannot stress enough the overarching view we take in managing PLM’s investments from an enterprise risk management perspective. We attempt to balance the underwriting risk associated with our customers’ insurance coverages that is transferred to our balance sheet to the level of risk we are willing to accept from an investment portfolio viewpoint. ▲



# FINANCIAL STATEMENT/ BALANCE SHEET

2021 was a strong year financially for PLM. As one would expect, this profitability flowed off our income statement onto our balance sheet thus strengthening it accordingly.

Total admitted assets climbed \$22.9 million to \$570.4 million. On the one hand, total admitted liabilities contracted by \$3.8 million to \$375.7 million. For mutual insurance companies, when assets expand, liabilities contract, and there is an increase in policyholder surplus.

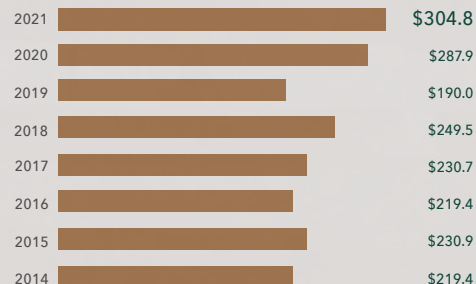
Policyholder surplus grew by \$26.8 million to \$194.7 million, an all-time high. This surplus is akin to owner's equity. It should be thought of as the funds available to the company in the event of an unanticipated financial situation.

On the asset side of the balance sheet, investments grew by \$22.9 million to \$437.2 million due to the surge in total equity equivalents investments of \$13.1 million and an increase in cash and short-term investments, which grew by \$3.7 million. Premium receivables were down \$7.8 million to \$118.8 million despite excellent premium growth. This is a result of the conversion of larger two-year policies back to an annual basis, as well as many insureds who are on a "cash" accounting system that accelerated premium payments forward. Paid losses recoverable from reinsurers also jumped from \$5.5 million to \$9.2 million due in large part to Hurricane Ida which hit late in the year.

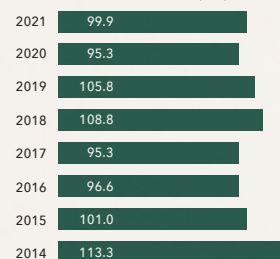
On the liability side of the balance sheet, we saw significant increases in total loss reserves of \$17.7 million to \$200.2 million due in part to the increase in incurred but not reported reserves of \$9.1 million, but also due to the lateness of Hurricane Ida in the year as well as some late significant fire losses.

For years, PLM has taken a conservative position in the management of its balance sheet to ensure that when our policyholders need us most, we will have the financial resources immediately available to live up to our obligations and to honor the commitments that we have made to them. ▲

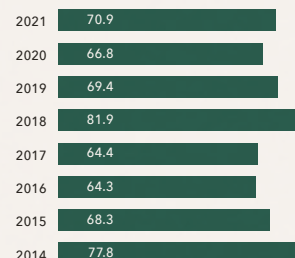
## DIRECT WRITTEN PREMIUM (IN MILLIONS)



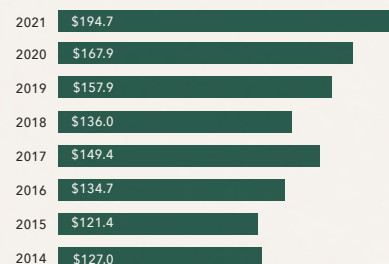
## COMBINED RATIO (%)



## ANNUAL LOSS RATIO (%)



## YEAR END SURPLUS (IN MILLIONS)



## DIVIDENDS (IN MILLIONS)



# CONDENSED COMPARATIVE STATUTORY BALANCE SHEET

## 2021 VS. 2020 (\$ IN MILLIONS)

	2021	2020	2021 VS. 2020 CHANGE
<b>ASSETS</b>			
<b>INVESTMENTS AND CASH</b>			
Fixed Income Securities (at amortized cost)	\$320.9	\$308.5	\$12.4
Equity Securities (at market)	94.8	81.6	13.2
Cash, Short Term and Other Investments	21.5	17.9	3.6
<b>TOTAL CASH AND INVESTMENT</b>	<b>437.2</b>	<b>408.0</b>	<b>29.2</b>
<b>RECEIVABLES</b>			
Premiums Due	118.8	126.6	(7.8)
Reinsurance Recoverable on Paid Losses	9.2	3.6	5.6
Receivables for Securities Sold	-	-	-
Accrued Investment Income	2.6	2.6	-
<b>TOTAL RECEIVABLES</b>	<b>130.6</b>	<b>132.8</b>	<b>(2.2)</b>
Other Assets	2.6	6.6	(4.0)
<b>TOTAL ASSETS</b>	<b>\$570.4</b>	<b>\$547.4</b>	<b>\$23.0</b>
<b>LIABILITIES AND SURPLUS</b>			
<b>LIABILITIES</b>			
Loss Reserves	\$200.2	\$182.5	\$17.7
Unearned Premium Reserves	135.7	151.9	(16.2)
Premium Due Reinsurers	8.6	6.2	2.4
Expenses Payable and Other Liabilities	31.2	38.9	(7.7)
<b>TOTAL LIABILITIES</b>	<b>375.7</b>	<b>379.5</b>	<b>(3.8)</b>
<b>SURPLUS</b>	<b>194.7</b>	<b>167.9</b>	<b>26.8</b>
<b>TOTAL LIABILITIES AND SURPLUS</b>	<b>\$570.4</b>	<b>\$547.4</b>	<b>\$23.0</b>



# CONDENSED COMPARATIVE STATUTORY OPERATING RESULTS

## 2021 VS. 2020 (\$ IN MILLIONS)

	2021	2020	2021 VS. 2020 CHANGE
Premiums Written - Direct	\$304.8	\$287.9	\$16.9
Premiums Written - Net	\$187.2	\$202.6	(\$15.4)
Premiums Earned	\$203.4	\$182.3	\$21.1
Losses Incurred	144.1	121.7	22.4
Expenses Incurred	54.5	57.7	(3.2)
<b>TOTAL LOSSES AND EXPENSES</b>	198.6	179.4	19.2
Underwriting Profit	4.8	2.9	1.9
Dividends	-	0.4	(0.4)
Underwriting Profit After Dividends	4.8	2.5	2.3
Net Investments Income	9.1	10.4	(1.3)
Pre-Tax Operating Income	13.9	12.9	1.0
Realized Gains/(Losses) & Other	8.5	(2.8)	11.3
Pre-Tax Income	22.4	10.1	12.3
Federal Income Taxes	2.7	2.5	0.2
Net Income	19.7	7.6	12.1
Change in Unrealized Gains (Net of Tax)	10.4	2.0	8.4
Other Surplus (Decrease)/Increase	(3.3)	0.4	(3.7)
Change in Surplus	\$26.8	\$10.0	\$16.8
Total Surplus	\$194.7	\$167.9	\$26.8
<b>% INCREASE IN SURPLUS</b>	<b>16.0%</b>	<b>6.3%</b>	

# CHARITABLE GIVING

There is much to discuss regarding our charitable and community efforts in 2021. Admittedly, our outreach program was somewhat curtailed this past year because of COVID restrictions, particularly by our Philadelphia-based colleagues. Yet, we found ways to donate our time to a variety of local charities in Boca Raton, Indianapolis, and Philadelphia, which was further supplemented by individual employee efforts throughout the country.







Our employees put in the time and hard work for a number of charities including:

- Children's Bureau (Indianapolis, IN)
- CROS Ministries (Boca Raton, FL)
- Inter-Faith Housing Alliance (Philadelphia, PA)
- Mighty Writers (Philadelphia, PA)
- Philabundance (Philadelphia, PA)
- Second Helpings (Indianapolis, IN)

In addition to our volunteer hours, we have a tradition of trying to find something to gift the charity's staff to help make their jobs a little easier and brighten their workdays. We also provide a monetary donation to

help support their work in our communities. That little surprise at the end of our volunteer events is our way of saying "thank you" to those whose lives revolve around serving others.

We are also proud to have a significant number of colleagues that are individually involved in serving their local communities and charities.

Despite the challenges, our annual United Way campaign was a massive success. We are excited to report that in 2021, 100% of the PLM team made a financial contribution to United Way and together raised a record-breaking \$80,530! PLM was pleased to match our employees' donations bringing the total dollar gift to United Way to over \$205,000 in 2021. Our efforts were once again supported by many of our retirees and members of the Board of Directors. We also had 43 employees participate at the leadership level of giving (over \$1000), again a new record for us.

While our softball team struggled on the field this past year (again), they had another good season from a ➤



# PLM UNITED 2021



100%

EMPLOYEE  
PARTICIPATION

*This is the first time  
in PLM history!*



\$80,530

PLM EMPLOYEES  
DONATED



\$205,411

WITH COMPANY  
MATCH



\$5,847

FUNDRAISING  
DOLLARS



167

DONOR CHOICE  
ORGANIZATIONS



43

LEADERSHIP  
DONORS



161

NUMBER OF  
EMPLOYEES  
PLEGGED



\$485

AVERAGE  
PLEGGED AMOUNT

fundraising perspective. PLM was able to raise a record \$11,745 after company match, raising more money than any other team. Through all the donations from the participating companies in the softball league, we collectively raised over \$40,000 for the Philadelphia Children's Alliance.

This past year, our CEO, John Smith, joined the national board of directors of the St. Baldrick's Foundation. You will be hearing more about St. Baldricks as PLM begins to involve the lumber niche with this organization. St. Baldricks is the largest funding group for childhood cancer research in the United States behind the Federal Government!

We were pleased with our overall corporate charitable giving in 2021. In addition to our corporate giving, PLM matches dollar-for-dollar on all employee donations.

With the matched contributions from our employees and board members, PLM donated to 97 charities totaling over \$290,000.

As an organization, we provide sponsorship support towards the future of insurance education. We support the Insurance Society of Philadelphia, Gamma Iota Sigma, The Institutes, and The CPCU Society to help build the next generation of insurance leaders.

PLM is also committed to supporting the wood industry through sponsorships to different trade associations. We have recently expanded our support to promote diversity and to help build the next generation of lumber dealers and woodworkers in the industry. We also promote the future of the wood and forestry industries through different opportunities and initiatives such as:





**WOODS ON WHEELS PROJECT** – a traveling exhibit in conjunction with the IHLA that educates residents across Indiana on the benefits of forest management, the history of Indiana’s forests, and the many industries that rely on hardwoods.

**FOREVER FOREST EXHIBIT** – a traveling exhibit where families learn about sustainability, selective harvesting, the every-day products that are made from trees, and forestry-related careers.

**TRUTH ABOUT TREES** – a teaching kit from the North American Forest Foundation designed to provide lesson plans and tools that make learning about trees fun for kids in elementary school.

**THE REAL AMERICAN HARDWOOD COALITION (RAHC)** – an industry-wide initiative that seeks to promote Real American Hardwood™ products by educating consumers, increasing markets and sales, and improving industry stability.

Further, the company directly supported several organizations involved in the Arts in Philadelphia with financial gifts in 2021. Here are a few of the organizations we supported:

- Fireman’s Hall Museum
- Philadelphia Museum of Art
- Museum of the American Revolution
- Barnes Foundation
- Walnut Street Theatre

PLM and our employees are passionate about giving and are proud of the culture of caring we have established within our organization. We salute those who take the time to give back to their communities, make financial contributions, and put in the hard work to help those in need. ▲



# CHARITABLE ORGANIZATIONS

Airborne & Special Operations Museum Foundation

American Cancer Society

American Heart Association

American Society for the Prevention of Cruelty to Animals (ASPCA)

A Second Chance, Inc. (ASCI)

Augustinian Friars

AWI Education Foundation

Barnes Foundation

Beaumont Health

Bible Baptist Church of Erie

Boy Scouts of America

Breakthrough Education

Bryn Mawr Hospital Foundation

Cape Fear Botanical Garden

Center for Economic Empowerment & Development (CEED)

Children's Bureau, Inc.

Children's Global Health Fund

Children's Hospital of Philadelphia (CHOP)

Church of the Open Door

Colby College

Competitive Enterprise Institute

Cornelia De Lange Syndrome Foundation

Craven Hall Historical Society, Inc.

Crescent Springs Presbyterian Church

CROS Ministries

Crown Hospice

Daylesford Abbey

Ellicottville Memorial Library

Fayetteville Urban Ministry

Fireman's Hall Museum

First United Methodist Church

Gallaudet University

Gamma Iota Sigma

Girl Scouts of Nassau County

Girl Scouts of the USA

Hampden-Sydney College

Hays Medical Center Foundation

Hebrew Immigrant Aid Society (HIAS) & Council Migration Service of Philadelphia

Hope Hospice

Hospice of Humboldt

Inter-Faith Housing Alliance

Juna Amagara Ministries

Juvenile Diabetes Research Foundation

Lakeside United Methodist Church

Lumber and Building Material Dealers Foundation (LBMDF)

McKay-Dee Hospital Foundation





McNeese State University Foundation  
Melrose B'nai Israel Emanu-El  
Metropolitan Golf Association Foundation  
Middlebury College  
Mighty Writers  
Mount Holyoke College  
Museum of the American Revolution  
NAMIC Mutual Insurance Foundation  
National Forest Foundation  
National Wildlife Federation (NWF)  
New York Law School  
Pallet Foundation  
Penn State University  
Pennsylvania Horticultural Society, The  
Pennsylvania Society for the Prevention  
of Cruelty to Animals  
Philabundance  
Philadelphia Animal Welfare Society  
Philadelphia Children's Alliance  
Philadelphia Museum of Art  
Philadelphia Orchestra  
Philadelphia Ronald McDonald House  
Providence Animal Center  
Providence Cristo Rey High School  
Salem Museum & Historical Society

Salem Presbyterian Church  
Salvation Army, The  
Second Helpings  
Seneca Presbyterian Church  
Shipley School, The  
Shriners Hospitals for Children  
Spencer Educational Foundation, Inc.  
St. Baldrick's Foundation  
St. Catherine University  
St. Francis-in-the-Fields Episcopal  
Church  
St. Joseph Catholic Church  
St. Michael's Church  
Starfinder Foundation  
Sunset Hills United Presbyterian Church  
Sweet Briar College  
Temple University  
Trees Remember, The  
Union League Philadelphia, The  
United Way of Greater Philadelphia and  
Southern New Jersey  
Verdugo Hill Scouts  
West Trenton Presbyterian Church  
Wounded Warrior Project

# OUR PEOPLE

**THE SUCCESS OF AN INSURANCE COMPANY** lies in the alignment of four different factors: product (the insurance contract), process (claims settlement, risk management services, underwriting risk analysis, policy documentation, et al.), pricing (a price that represents the value of the other three components), and PEOPLE.

Without our people, we cannot bring together the other components of our value proposition.

About five years ago, we made the decision that we didn't want just a good team of people, but a great team. One that understood they needed to remain on the cutting edge of knowledge, was committed to a continuous learning process, willing to grow their skill level, and in the end deliver their enhanced skill to provide the best value to our policyholders, brokers, and other stakeholders.

While we were in line with other companies that did routine in-house technical training, we decided to take it to the next level. Internally, we are running weekly training for our staff to invest in their growth.

We use in-house experts, sometimes supplemented by outside industry specialists, to ensure a high quality of education.

We enhance that with outside course work. Currently, 99% of our team participate in insurance courses at the college level. Last year, 150 people took 168 courses and their accompanying exams. 14 people earned insurance designations. We also sent several staff members to take part in insurance education offered by our national and state trade groups.

PLM encourages all education. We help support employees who want to enroll or finish their college degrees as long as they continue in their insurance professional development. In fact, last year, two PLM

## WITH YOU SINCE...

David Adams	1997	Daniel Braiman	2005	Sandra Cheney	2016
Jonathan Ayoub	2020	Kevin Brennan	2021	Susan Cho	2002
Traci Barber	2000	Sean Briscoe	2015	Louis Chow	2005
Patrick Beatty	2021	Tonya Burroughs	2000	Gail Colby	2021
Tamyra Best	2021	Rasheed Byrd	2017	Kelly Conlan	1985
Alex Beyer	2014	Todd Byrd	2021	Michael Conlin	2019
Timothy Black	2021	Claudette Cannatella-Ferazzoli	2021	Carla Corrado	2017
Jill Blocker	2003	Julian Carroll	2016	Richard Costello	2017
David Borgeson	2021	Kevin Cattell	2021	Alexandria Craig	2008
Lisa Bragg	1990	Natalie Cavallo	2020	Michael Culbreth	2002





team members completed their college education. We also have a program to help support employees looking for advanced degrees once they have achieved a certain insurance professional designation. In 2021, one of our employees, **STEPHEN HICKS, CPCU**, earned a Master in Business Administration.

Leadership development support is provided by the Center for Creative Leadership and through a robust internal coaching program. We also spend a considerable amount of time educating our staff about our insureds' businesses and the wood industry.

Why do we do it? Because at the end of the day, we want the best, most focused, knowledgeable, and creative team. Our customers, brokers, and stakeholders want to deal with professionals that can craft the product and processes specifically tailored for their business and their situation.

Our people actively expand their knowledge and hone their skills so that they can best serve our customers and provide the utmost value to all our stakeholders. ▲

## 2021 DESIGNATIONS / CERTIFICATIONS

Tonya Burroughs	ACP
Kelly Conlan	aPHR
Carla Corrado	AINS
Rich Costello	AINS
Michael Culbreth	AINS
Eleanor Curry	AINS
Sally Delp	Zendesk
Lindsey DiGangi	AIDA
Chris Erb	ARe
Loretta Kephart	AINS
Erin Keyser	ACSR
Matthew Kienholz	ACP, CCP
Bob Lemieux	AINS
Maria Lubbers	AINS
Jonathan Luciano	AIDA
Terry Murphy	AINS

Melanie Culp	1978	Deana Dorsey	2021	Carissa Franklin	2005
Eleanor Curry	1981	Darr Dugo	2017	Terry Fricker	2012
Nicholas Cusato	2019	Carey Bueno	2019	Charlotte Friend	2004
Jennifer Danielian	2019	Jaya Echevarria	2020	Angelo Ganguzza	2019
Diane Della Pia	1986	Monica Eguiguren	2019	BJ Gardner	2005
Sally Delp	2004	Christopher Erb	2016	Keia Gilliam	2019
Christine Derby	2015	Jeffrey Evans	2015	Sheila Gjevre	2017
Brian Devenny	2019	Stephan Firko	2003	Kelton Goodman	2021
Lindsey DiGangi	2013	Bridget Fisher	2012	Cindi Graat	2000
Joseph Donnelly	2016	Janice Fisher	2000	Natalie Griffith	2021



## WITH YOU SINCE...

Marco Gulino	2016	Ranada James	2018	LeAnn Kish	2021
Kimberly Habegger	2021	Harold Jamison	2001	Jimmy Koshy	2018
Richard Hall	2000	William Johnson	2001	Paul Kremer	2018
George Hawkins	2008	Paul Johnson	2011	Nicholas Lawlor	2001
Christopher Healy	2021	Scott Johnson	2018	Robert Lemieux	2003
Jeffrey Hendershot	2016	John Kennealy	2019	Jill Levine	2020
Stephen Hicks	2012	Loretta Kephart	2019	Todd Loy	2020
Candace Hower	2019	Stephen Kern	2017	Maria Lubbers	2007
William Hunt	2021	Erin Keyser	2018	Jonathan Luciano	2018
Matthew Hutchison	2021	Matthew Kienholz	2015	Chase Luffey	2018
Kobié Jacobs	2019	Tricia Kilrain	2008	Syed Mahmud	2005
Christopher Jacobson	2019	Peter Kim	2007	Suzanne Maile	2016



## WITH YOU

### TO BE A HELPFUL HAND

"I am always appreciative when I call that there is someone there to answer questions. They go out of their way to get the information or help. If they don't know, they try to get me to someone who does. In today's market this is such a breath of fresh air."





Nina Manojlovich	2019	Vincent Pace	2019	Sondra Skibiak	2020
John Marazzo	2006	Karen Parker	2018	Randy Skopecek	2001
Tiffany Markham	2021	Gary Postel	2015	John Smith	1998
Samuel Matthews	2018	Dennis Ray	2021	Stephen Spica	2003
Karen McAllister	2020	Michelle Revelle	2005	Sydney Stenson	2019
Jean McCarthy	2019	Pamela Reynolds	2002	Kelly Sullivan	2018
Belinda McNeil	2007	Nicole Reynolds	2019	Donna Taylor	2021
Sandra Meier	2019	Kevin Riddick	2018	Rita Taylor	1986
Renée Miles	2017	Paul Roberts	2018	Genevieve Ventiere	2015
Chayla Monroe	2021	Allan Robinson	2019	Gary Waggoner	2019
Keith Mosher	2017	Ray Rogers	2001	Veronica Wilkins	2018
Charlene Mount	2021	Veronika Rosenbaum	2017	Kristin Wilson	2017
Teresa Murphy	1972	Herman Sanchez	2010	Sue Winstel	2001
Lavondah Muse	2012	Donna Scardelli	2019	Charlene Wolfe	2020
Edward Niewinski	2012	Brad Schoolcraft	2019	Christine Woodward	2008
Edward Nowak	2019	Barbara Schuster	1980	Qing Yang	2020
Paul Nyitray	2021	Michael Seiwert	2019	Michael Zdrojewski	2016
Stephone Oakley	2019	Erin Selfe	2017	David Zeigenfuss	2014
Laurie Oncale	2021	Karen Sewell	2007	Richard Zorman	2007
William Osborne	1989	Andrew Siminerio	2021		

# PLM OFFICERS



**JOHN K. SMITH, CPCU**

PRESIDENT & CEO



**STEPHAN D. FIRKO**

SENIOR VICE PRESIDENT  
BUSINESS DEVELOPMENT, LOSS  
CONTROL, & CUSTOMER SERVICE



**RICHARD A. HALL**

SENIOR VICE PRESIDENT  
UNDERWRITING



**WILLIAM F. JOHNSON, JR.**

VICE PRESIDENT  
UNDERWRITING



**JOHN J. KENNEALY**

VICE PRESIDENT  
CLAIMS



**JOHN F. MARAZZO**

VICE PRESIDENT  
ACCOUNTING / TREASURER



**TRACI BARBER**

ASSISTANT VICE PRESIDENT  
CUSTOMER SERVICE



**SEAN T. BRISCOE, MBA**

ASSISTANT VICE PRESIDENT  
UNDERWRITING



**TRICIA KILRAIN**

ASSISTANT VICE PRESIDENT  
FIELD OPERATIONS





**HAROLD L. JAMISON, JD, CPCU**

SENIOR VICE PRESIDENT  
HR, REGULATORY & GOVERNMENT  
AFFAIRS, & CORPORATE SECRETARY



**ANGELO T. GANGUZZA**

VICE PRESIDENT & GENERAL MANAGER  
BROKERAGE OPERATIONS



**ERIN SELFE**

VICE PRESIDENT  
INFORMATION TECHNOLOGY



**DAVID ADAMS**

ASSISTANT VICE PRESIDENT  
FIELD OPERATIONS

## IN MEMORIAM



**KATHLEEN DALTON**

At the beginning of 2021, we were devastated with the unexpected passing of Kathleen Dalton, Assistant Vice President of Operations. Kathleen's steadfast commitment and dedication to her work were the catalyst that saw her through 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, our customers, and brokers ultimately led to her appointment by the Board of Directors to Assistant Vice President of Operations. The course of Kathleen's career has served as a model example for the entire PLM team. We miss her greatly, as do the customers and brokers that interacted with her.

# BOARD OF DIRECTORS

**TIMOTHY W. CALLAHAN, II, ESQ.**

SAUL EWING ARNSTEIN & LEHR LLP, PHILADELPHIA, PA

**JOHN K. SMITH, CPCU**

PLM INSURANCE COMPANY, PHILADELPHIA, PA

**STEPHEN F. BOYD**

MANUFACTURERS RESERVE SUPPLY, INC., IRVINGTON, NJ

**ANTHONY J. DECARLO, SR.**

DECARLO ADVISORY SERVICES, BERWYN, PA

**CALLY FROMME**

KODIAK BUILDING PARTNERS, VICTORIA, TX

**IN 2021, THERE WERE SOME SIGNIFICANT CHANGES** to PLM's Board of Directors with the retirement of our Chairman of the Board, C. Richard Peterson, the new appointment of Timothy W. Callahan to Chairman, and the passing of longtime board member, W.A. Bissette.



**C. RICHARD PETERSON** served on PLM's Board of Directors for the past 22 years before retiring in April of 2021. In addition to serving as Chairman of the Board for the past four years, he also served on several board committees, the Executive Committee and the Executive Compensation Committee, which he also chaired.

During his time as Chairman of the Executive

Compensation Committee, he helped facilitate executive compensation studies of both PLM's Board and management team which resulted in both groups compensation to be brought in line with the recommended benchmarks.

Mr. Peterson is a veteran of the insurance industry. He was a former Executive Director of Commercial Deposit Insurance Corporation. He has worked as a Vice

Chairman of Minet Group, EVP of Sedgwick Group and has also forged his own company, Reflective Learning, in which he was President and CEO.

The counsel and leadership by C. Richard Peterson has been key in shaping the company. His loyalty, dedication and commitment to PLM, the insurance and brokerage community, and his local community is unparalleled.

Following the retirement of Mr. Peterson, we welcomed **TIMOTHY W. CALLAHAN** as the new Chairman of the Board, an exciting new appointment for one of our most tenured board members.

Mr. Callahan has been a member of our board since 2006 and has served





### GEORGE HIRSCHHORN, CPA

HIRSCHHORN FRY & ASSOCIATES, PHILADELPHIA, PA

### HARVEY E. KROIZ

FIRST CAPITAL REALTY, INC., PLYMOUTH MEETING, PA

### W. CRAIG MYERS

RETIRED VP - MARKETING, PLM INSURANCE COMPANY, PHILADELPHIA, PA

### JOHN F. WOLF

RETIRED PRESIDENT & CEO, ILM INSURANCE COMPANY, INDIANAPOLIS, IN

### JACK YATES, III

CARLINO CAPITAL MANAGEMENT CORPORATION, WYOMISSING, PA

as a member and Chairman of our Audit/ Nominating Committee and Executive Committee. His ascension to the chairman's seat comes as a result of several years of tireless dedication to PLM and its customers, in addition to a proven track record of leadership and innovation that has helped PLM continue to excel as a leader in the wood niche.

Mr. Callahan is a partner in the litigation department of Saul Ewing Arnstein & Lehr LLP in Philadelphia. Currently, he serves as general counsel to the firm and as the chair of their Ethics Committee. He is also a member and former chair of the Pennsylvania Bar Associations Committee on Ethics & Professional Responsibility.

We are pleased to have Mr. Callahan in this new role, as he and the board continue to guide us to superior results for PLM and our stakeholders. ▲

## IN MEMORIAM

In July of 2021, we saw the passing of our former Board Member, **WILLIAM ARTHUR "W.A." BISSETTE**. Mr. Bissette served faithfully and with distinction on PLM's Board of Directors for 28 years until his retirement in April 2021. He also served on PLM's Executive Committee and was a member and Chairman of the Executive Compensation Committee.

In 1963 he began his career at Highland Lumber Co., Inc. in Augusta, GA. He later went on to purchase the business in 1984 and to serve as Chairman of the company. Mr. Bissette was very active in the community and in organizations related to the building supply industry such as the Southern Building Material Dealers Association and the National Lumber and Building Material Dealers Association. He also served on the board of Lumbermens Merchandising Corporation (LMC).

Being a lumber dealer himself, his experience helped lead PLM to better serve our insureds and the wood industry. During his tenure on PLM's Board of Directors, his wisdom, leadership, and guidance on numerous board, lumber industry, and company matters has proved invaluable and will truly be missed.





We are extremely proud of the team that we have built at PLM. From the innovations we have implemented in our organization to our perseverance in the midst of today's challenges, we continue to commit ourselves each day to best serve our stakeholders in the wood industry. PLM is WITH YOU, our customers and broker partners, in our pursuit to uphold our commitment to this industry and the businesses that operate in it, today and tomorrow.

John K. Smith, CPCU

President & CEO

## WITH YOU

### FOR ALL THE TIMES IN BETWEEN

"My good friends at PLM have provided excellent service in meeting the needs of our company and actually demonstrated this same ability during a very difficult time we had in years past. I not only appreciate our friendship, but also PLM's serious commitment to meeting or exceeding their customer's needs."





**PENNSYLVANIA LUMBERMENS MUTUAL**  
*I N S U R A N C E   C O M P A N Y*

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PLMINS.COM

**WITH YOU SINCE 1895**