

PENNSYLVANIA
LUMBERMENS MUTUAL
INSURANCE COMPANY



ANNUAL REPORT

2022

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.

PLM AT A GLANCE

- PLM ended 2022 with a combined ratio of 93.6%.
- There were 11,896 inforce policies and a total of 5,613 accounts with PLM at the end of 2022.
- We wrote 501 new accounts generating over \$22.89 million of new business premium in 2022.
- We wrote \$374.8 million in direct written premium in 2022 with a 90.31% policy count retention and 98.11% premium retention.
- Our total assets surpassed \$612 million in 2022.
- 99% of PLM employees participated in professional development in 2022. A total of 93 exams were passed with 19 designations earned through The Institutes, and five other types of designations/certifications earned.
- We were recognized as one of the 2022 Top Workplaces in the Greater Philadelphia area by *The Philadelphia Inquirer* for the fourth year in a row.
- PLM participated in a total of 163 shows – 90 wood industry events and 73 insurance-related events. A total of 96 different PLM employees attended these shows.
- Over 1,966 brokers partner with PLM throughout the continental U.S. In 2022, 26 new brokers wrote business with PLM.
- Our NPS score for 2022 was 71.

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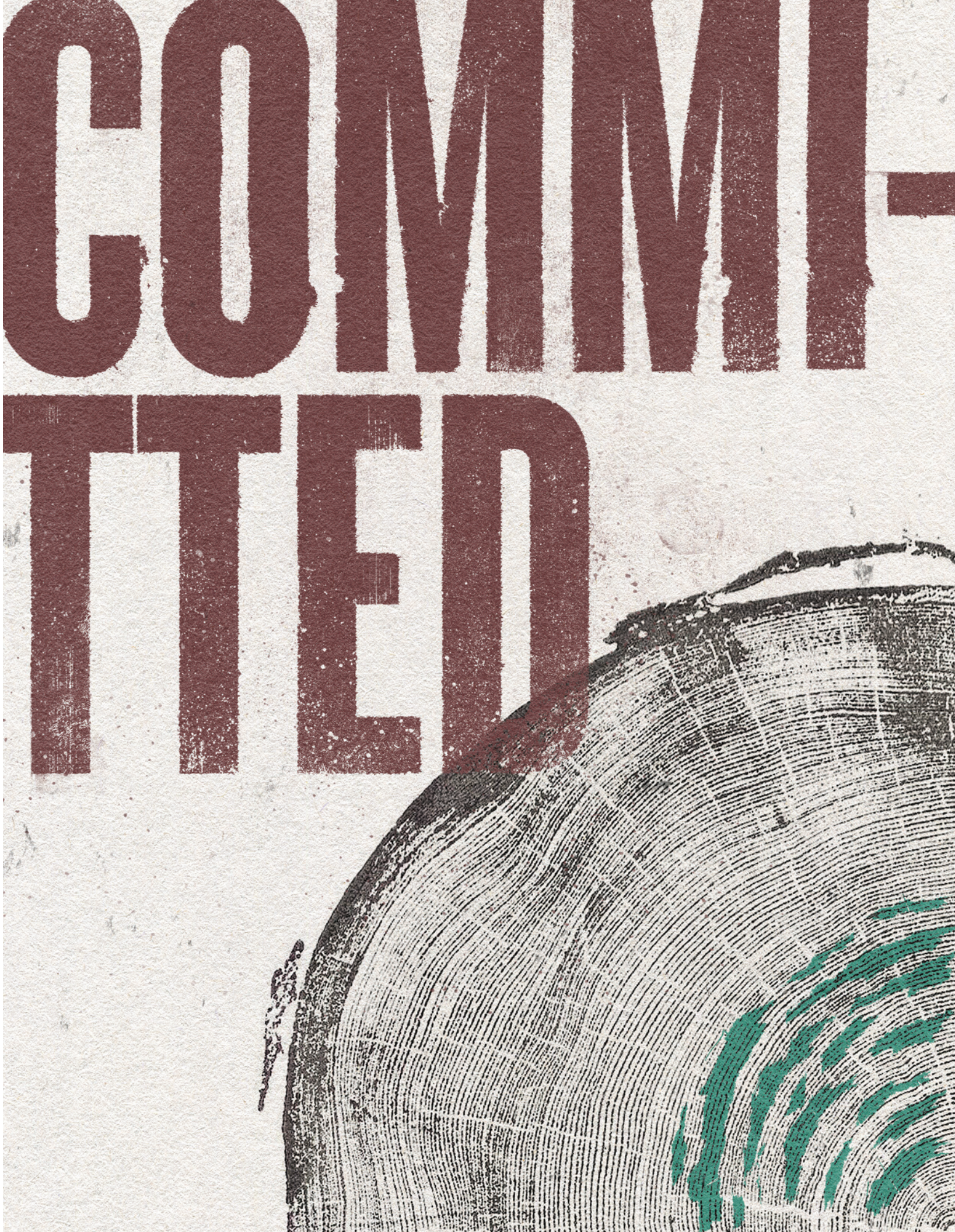
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When more than 90% of your customers communicate that they are willing to renew their insurance program with you, you’re doing something right.



2023 marks my 47th year in the insurance business, my 25th anniversary with Pennsylvania Lumbermens Mutual Insurance Company (PLM), and what I believe is the 20th time I have addressed you in the Annual Report as CEO.

What excites me most about PLM today is that everyone, from the leadership team to all our colleagues, continues to look for ways to better serve our policyholders daily. Based on customer feedback, it appears that we already do a fairly good job in this capacity.

MEASURING CUSTOMER SATISFACTION

For years, we used our renewal retention number as a quasi-measurement of customer satisfaction. Simply put, this is the percentage of how many customers renew their coverage with us each year. Our renewal retention last year was above 90%, but there’s a lot more to that number. You need to take into account the number of customers that went out of business or merged with another company. There are also a certain number of customers that, for whatever reason, decided to move their insurance to another carrier (although you would be surprised how many of them come back within two years). Finally, there are always a limited number of customers that we decided that we can no longer afford to insure.

A typical renewal retention number for the insurance industry is about 85%; a retention around 87% is considered a very strong result. For years we’ve operated with a renewal retention of about 88%. This past year our renewal retention soared into the low 90’s – something I haven’t witnessed often during my career.

Beyond the renewal retention measurement, we have a Net Promoter Score (NPS) tool that we introduced a couple years back to assist us in gaining more specific insight into customer satisfaction and their willingness to recommend us to others. Our NPS is a full ten points higher than the insurance industry average. We believe this reflects the value that our stakeholders recognize in their relationship with PLM.

These two measures may tell me that we are doing a pretty good job, but to me, nothing beats face-to-face feedback. I spend quite a bit of my time on the road visiting clients and attending various industry trade shows. This allows customers to share their thoughts with me and I can

tell you from experience – wood industry people are not afraid to tell it like it is! This is a trait I value and is always a big factor in what inspires us to improve. The feedback that I or anyone from PLM receives gets passed along to the entire team to enhance our ability to serve you, our stakeholders.

When more than 90% of your customers communicate that they are willing to renew their insurance program with you, you’re doing something right. We hope to further explore this topic in this 127th Annual Report.

AN OVERVIEW OF 2022

First, this past year we grew our premium at a record pace. In fact, our premium rose over 22 percentage points to just under \$375 million by year-end. Over 500 new accounts were attained during the year. This is certainly not a record, but it’s still a very strong year for new business.

What’s more significant than our premium growth is that we made money as a company in 2022. Despite the continuing, unfavorable commercial auto loss experience and tremendous weather events such as Hurricane Ian, we were able to produce an underwriting profit. Ian is already the second largest hurricane loss in history. Many in the industry estimate that once all its claims are settled, it has the potential to be the largest! You can be confident that many insurance companies will be fleeing Florida once again. PLM, on the other hand, has no plans on doing so.

Our investment income grew to a record level, which assisted us in developing positive net income before taxes for the year. However, as we are all aware, the investment marketplace was particularly challenging. There was simply no place to hide in our attempt to protect the value of our portfolio. Our equities and other mark-to-market securities were pummeled by market forces, and the value of our bond portfolio suffered despite the solid investment income produced. The end result was a drop in our policyholder surplus of over \$17 million.

It is important to point out that a certain amount of this drop in surplus was attributed to us unwinding the affiliation between Indiana Lumbermens Mutual Insurance Company (ILM) and Pennsylvania Lumbermens Mutual Insurance Company (PLM), as well as the conversion of ILM to a stock insurance company. There will be more

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to come on this topic in early mid-2023. Our efforts in this area led to us paying off the \$7 million surplus note that it carried on its balance sheet as surplus in a curious regulatory twist, but in reality, it is a debt instrument. Not to worry – PLM will continue to be responsible for all of ILM’s claim obligations. This unto itself resulted in a substantial charge of more than \$8 million to policyholder surplus before all was said and done.

As we continued to grow in 2022, our focus increased on strengthening our regulatory compliance department, as is required of larger, more complex companies. 📌 We have added staff and expanded their responsibilities to this department.

We rolled out WoodWorks, a new business intelligence system that gives us the opportunity to slice and dice our vast quantity of information. This tool allows us to analyze opportunities, challenges, and potential solutions more thoroughly, thus enhancing our ability to operate PLM.

In 2021, we introduced Anytime Risk Management (ARM), an online loss control survey tool to address the concern over face-to-face contact during the pandemic. ARM allows our insureds to complete specific loss control surveys on their own schedule on any device. In 2022, we expanded the technology further to include active, virtually guided surveys, similar to FaceTime, for a more interactive and accessible experience.

We also officially rolled out a new system for automating steps in the underwriting process for a portion of our renewal book. The Underwriting Workbench automates the collection of data from several external and internal data sources into one screen. In addition to improved efficiencies in our underwriting, we are able to achieve tighter consistency in our work execution.

We successfully renewed our reinsurance program in 2022 but like many others, we experienced some difficulty on our recent renewal. In general, worldwide reinsurers (and we buy reinsurance worldwide) have had extremely poor results, particularly in the property arena. The general liability, commercial auto, and umbrella lines have not been profitable for them either. In late 2022, it became apparent that there was going to be an adjustment in that market. We paid substantially more for our coverage, and there was less of it! I take some solace in the fact that the reinsurers were not singling PLM out. The peers I spoke with and the brokers that service that community suggested we fared no worse than most and better than many. Could we have saved a few dollars by working with reinsurers that did not have the financial strength that we were looking for? You bet. We could have also saved a few dollars by dealing with reinsurers that did not understand the wood business, but we didn’t. We want to know that when we need them, they will be there – whether it’s this year, in five years, or ten years from now. 📌

We were pleased that A.M. Best, the industry’s foremost evaluator of financial security, once again assigned PLM an A- (Excellent) financial rating with a Stable Outlook last spring.

In other recognition, we were also once again named as a Top Workplace for the fourth year in a row by *The Philadelphia Inquirer*. PLM was also recognized as an honoree of the 2022 PropertyCasualty360 Luminaries Award in Customer Experience Innovation for our work on our Net Promoter Score program.

This past year brought several changes to the PLM’s Board of Directors with the retirements of Anthony J. DeCarlo, Sr. and George Hirschhorn, and the appointment of a new officer, John Hill. We were saddened to hear about the passing of our former board member, Walter Milbourne, in late 2022. We also mourn the loss of Robert “Bob” Harrison, the retired President/CEO and Chairman of the Board of Directors of ILM, who passed away in early 2023. More information on these dedicated board members can be found at the end of this Annual Report.

For the second year in a row, 100% of our people gave to United Way. This is truly impressive! Through our yearly campaign, our employees (with company match) pledged a total of \$233,647 in donations to United Way organizations. On top of that, our talented team came together for various “days of caring” and social projects by volunteering their time and sweat

to improve the lives of others within their communities. In total, PLM’s charitable giving as a company exceeded \$300,000 in 2022.

We were also pleased to be able to continue our work with college interns and students from Cristo Rey High School in Philadelphia to help expose today’s youth to the insurance industry as well as to develop the future workforce of PLM.

DEVELOPMENT OF OUR PEOPLE 📌

We were pleased to see the growth and development of our people this past year. Matthew Kienholz, our Director of Regulatory and Government Affairs, earned his CPCU credential, which is the property-casualty insurance industry’s premier professional designation. Stephen Hicks, our Underwriting Director, was recognized as a 2022 Emerging Leader at the Emerging Leaders Conference, hosted by APCIA, the Insurance Careers Movement, and A.M. Best. This honor was also bestowed upon Matthew Kienholz for 2023.

Our Board of Directors was pleased to appoint Lindsey DiGangi as Assistant Vice President of Marketing. Lindsey came to us as an intern ten years ago and with this appointment has become the youngest officer in our 128-year history. She had been previously recognized by APCIA as an Emerging Leader and was one of *HBSDealer’s* Top Women in Hardware and Building Supply for 2021.

We continued to heavily train and develop the professional and business expertise of our staff. Last year, 99% of our employees were involved actively in professional education. Our goal is to ensure that at every turn and interaction with a PLM employee, you find yourself dealing with a credentialed, industry professional whose talent and capability has been continually reinforced through weekly training sessions covering a host of insurance and business-related topics as well as a formal professional education. In 2022, PLM employees earned 19 insurance designations through The Institutes as well as five professional designations/certifications from other organizations.

In addition, we are fully re-engaged with leadership development and utilize a high-end independent firm that provides our executive team and managers with immersive leadership education and development training. This is supplemented with a dramatic expansion of professional coaching and internal mentoring.

This professional development extended beyond our employees as we continued to find ways to enhance the governance of PLM. We were pleased when the National Association of Mutual Insurance Companies (NAMIC) once again began offering a Director’s Boot Camp – three days of training specifically designed for mutual insurance company directors. Just before COVID-19 struck, we sent our first two members through this program. Since then, two additional members attended the boot camp in 2022. We hope to send three members in 2023.

LOOKING AHEAD

In 2023, we will once again be focused on improving our commercial auto loss ratio in hopes of returning this line to profitability. This cannot be accomplished by rate increases alone but will require a true team effort by both our insureds and PLM. We simply must do a better job in managing the risk associated with commercial automobiles. In reviewing our losses, I have noted that there are too many accidents – many of which were tragic. It stands to reason that if our drivers had been better trained, properly licensed, less distracted, and more vigilant many of these tragedies could have been avoided!

Our ongoing cyber training efforts minimized our exposure to the severe cyber risk that surrounds all businesses. We had two relatively minor events during the year; neither of which pierced our firewalls. In both situations, our IT department immediately took action to minimize the impact on PLM. We notified external players and appropriate regulatory notifications were provided. Cyber events occur in every business. We do



I would like to take a moment to thank the members, or insureds, of PLM. We were founded by a group of lumber dealers 128 years ago to provide property insurance to lumber yards in the Mid-Atlantic region. Over those years, that humble company has grown to be the largest and foremost underwriters of wood-related businesses in America today.

as much as we possibly can – more than most – to protect our company and our stakeholders. It is important to remember that we are all human and mistakes will be made. When they are, it’s all about how quickly you react and how quickly you gain control of the event before it spins out of control. We will continue to strengthen our own cyber awareness program and have begun to actively pursue our vendors and brokers to ensure that they are up to minimum standards in their cyber security.

We are pleased to see more of our people sharing their expertise in articles and interviews for wood-related or insurance industry journals, magazines, and podcasts. Several associations and groups have also reached out to PLM for event speakers on a host of topics. We will continue to look for more opportunities to share our knowledge and provide risk management resources to all our stakeholders. Our insured webinar series settled into a nice rhythm with positive feedback from many insureds who have attended. Please keep an eye out for announcements on future webinars throughout the year.

We are back on the road with attendance at both insurance and wood-related trade shows now climbing past pre-pandemic levels. We believe this resurgence will positively impact our ability to grow our business further.

ABM, our agency, had a fairly good year placing workers’ comp for our insureds and was able to begin providing additional coverage solutions for the more difficult wood accounts. We added more companies to the agency stable of carriers to expand our capability. We also increased the ABM staff and will be implementing a new agency operating system. These changes will enable ABM to offer more services and coverages not only for PLM accounts, but for other wood-related businesses throughout the industry as well.

THOUGHTS OF GRATITUDE

Finally, I would like to acknowledge the many people who have helped make PLM what it is today. I’d be very remiss if I did not take a moment to thank my more than 155 colleagues that wake up every morning and strive to do the right thing on behalf of our customers and our company. Thank You!

I would like to single out our Board of Directors for their consistent support in both good times and bad, their willingness to contribute their ideas, and their guidance and wisdom. They are also not afraid to point out areas of concern, which I genuinely appreciate. They take their roles seriously and act as good stewards of PLM and you.

Thank you to the almost 2,000 insurance brokers that partner with us to represent the over 5,500 wood-related businesses that we insure. They do an outstanding job protecting your interest as your representative to PLM.

Finally, I would like to take a moment to thank the members, or insureds, of PLM. We were founded by a group of lumber dealers 128 years ago to provide property insurance to lumber yards in the Mid-Atlantic region. Over those years, that humble company has grown to be the largest and foremost underwriters of wood-related businesses in America today. Thank you for the faith and confidence that you place in PLM and in the PLM team. Rest assured that we take that responsibility seriously.

You may notice the small tree symbol throughout the Annual Report 🌲. This is to indicate an area we focus on as part of our enterprise risk management program (ERM), something we will discuss in more detail in another section. Please enjoy the rest of this report!

I remain available for your thoughts, comments, and suggestions at jsmith@plmins.com.

Regards,

JOHN K. SMITH, CPCU
PRESIDENT & CHIEF EXECUTIVE OFFICER



PROFITABLE GROWTH

In 2022, we generated a record-breaking premium volume of \$374.8 million. This was an increase of over \$70 million from the previous year’s record-breaking premium volume of \$304.7 million.

In 2022, we generated a record-breaking premium volume of \$374.8 million. This was an increase of over \$70 million from the previous year’s record-breaking premium volume of \$304.7 million. More importantly, the premium growth was profitable. This is the sixth year of the last seven in which PLM has generated an underwriting profit. It is also the highest result measured during that time frame.

A major factor of this growth was the large number of customers and their brokers who saw value in having PLM protect their businesses and renewed their insurance coverage with us in 2022. As previously noted, we broke into the 90% renewal retention range, which is the highest recorded in PLM’s recent history.

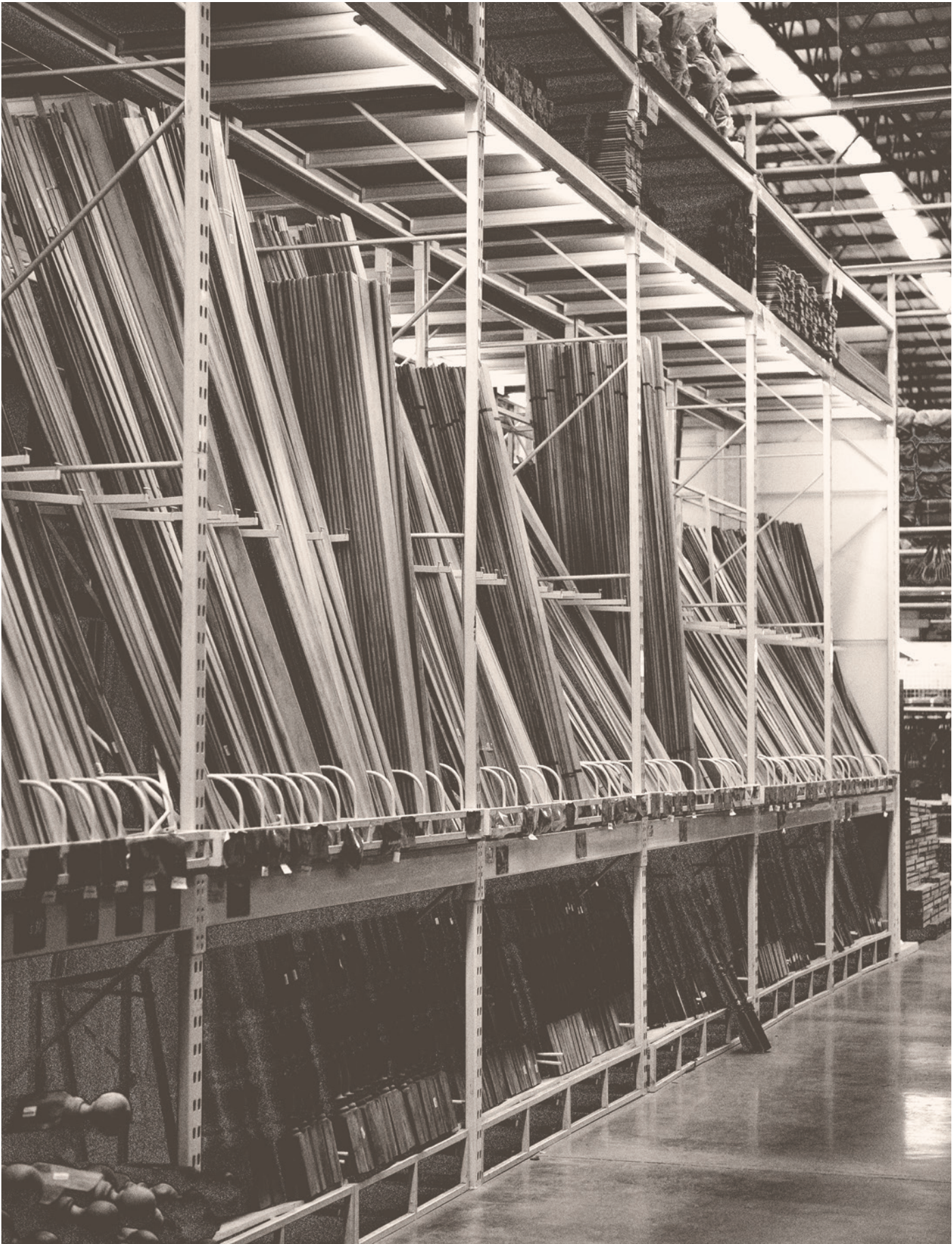
Exposure increases were another factor that contributed to our premium growth in 2022. Similar to 2021, exposures continued to climb with general liability exposures (reflected by sales) increasing by 17.8% on average and property exposures jumping by 13%. With the price of lumber and building materials surging and favorable growth trends continuing in this market, increases were expected, but resulted higher than our initial targets. A portion of these property exposure increases were the result of our efforts over the last few years to identify and adjust property valuations that have been too low, putting our insureds at risk of being underinsured when a loss occurs. Our Business Development Representatives and Underwriters have been working with our customers and brokers to ensure that building values are adequate, and that all sufficient property coverage is in place (building, inventory, machinery and equipment). They have also encouraged our customers and brokers to review their business interruption and extra expense insurance limits to account for supply chain delays and the potential impact on having to rebuild and replace inventory, machinery and equipment after a loss.

The entire commercial insurance industry increased their rates this



past year, as did we. External forces on the liability side such as litigation funding, social inflation, and nuclear verdicts were leading factors. On the property side, the continued rise in the size and frequency of natural catastrophes such as hurricanes, tornadoes, straight-line winds, floods, and wildfires, have put pressure on the reinsurance and primary insurance markets to maintain adequate rates to cover for these losses. However, with the use of analytics and other tools, we have been enhancing and augmenting our underwriting knowledge and approach. This has allowed us to get better at focusing our rate increases where they are needed most by using many varied factors rather than simply applying a broad increase across the board.

Nonetheless, it may be difficult for many of our insureds to understand why there is a need for a rate increase when they’ve either “never had loss” or “haven’t had a loss in a long time.” The reality is that the lumber and building material industries we insure are uniquely different and more hazardous than other types of commercial businesses. There is a high severity nature to these lumber-related businesses that need to be funded and underwritten differently to absorb the outsized losses that we see occur year in and year out. We have insured these types of businesses for 128 years and understand their distinct needs and exposures. New competitors enter our niche because they believe it is no different from the standard commercial customers they typically insure. They apply their traditional underwriting and rating models only to find them grossly inadequate when a large fire burns down a sawmill or retail lumber yard, or a catastrophic auto loss occurs while delivering a load of building materials. This then causes them to abruptly exit the niche, leaving customers scrambling to find coverage. PLM has no such exit strategy. We have been serving and protecting the lumber industry for over a century and will continue to do so for the long haul.



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 (Jobbers)	
Lumberyards (Retail/Wholesale)	
Masonry Yards	
Plastic/Composite Lumber	
Roofing & Siding Distributors	
SAWMILLS & HEAVY MANUFACTURING	
Barrel Manufacturing (Cooperage)	
Debarker Mills	
Log Home Manufacturing	
Pallet Manufacturing	
Particle, Chipboard, OSB Manufacturing	
Planing Mills	
Plywood Manufacturing	
Sawmills	
Veneer Mills	
Wood Drying (Kilns)	
Wood-Mizer/Portable Sawmills	

PROFITABLE NEW BUSINESS

We are incredibly grateful that more than 90% of our policyholders saw value in PLM and choose to renew their insurance coverage with us in 2022. We were also grateful and excited to add 50I new policyholders who saw the same value in having PLM protect their businesses. These new customers added almost \$23 million in premium in 2022.

We believe much of our success in retaining customers and attracting new customers is our insurance products and services distribution approach through brokers who represent the customer to PLM. We call this approach “open brokerage.” This allows our customers to pick any licensed property and casualty insurance broker in the country to represent them when working with PLM. As a result, our customers can stay with their local broker when choosing PLM as their insurance company. We supplement this by creating a triangular communication framework that allows the customer, broker, and PLM to interact directly with each other at any time. We believe this transparency and open dialogue helps strengthen the relationship with our customers and brokers as we work together to build an effective and comprehensive insurance program based on the unique risk management needs of each business we insure. Further, we receive such positive responses from our customers and brokers that they often provide referrals for our team members to reach out to and approach new prospective customers.

In addition to referrals from our current customers, our success in generating new customers is driven by our continued marketing outreach to both prospects and brokers. We participate in local and national lumber and insurance trade shows, contribute to industry publications, present at speaking engagements on various risk management topics, and maintain an ever-expanding social media presence. Combined, these different marketing efforts have helped us promote the spread of insurance coverage, risk management, and loss prevention knowledge to help make the entire lumber and woodworking industry more aware of the unique risks and exposures inherent in their businesses. We believe that sharing our loss prevention knowledge and experience resonates not only with our current customers but also helps bring new prospects, and the brokers who advise them, to seek out PLM to protect their businesses. The fact that we are seeing more business from new prospects and brokers than ever before is evidence that it has been very effective.

While we received over 2,700 submissions (requests to provide an insurance quote), we continue to be highly selective in our approach to writing new accounts and bringing them into the PLM fold with over 69% of these requests being declined. Conversely, our success rate on accounts in which we choose to provide a quote – which is called our hit ratio – is just under

65%. This hit ratio is significantly higher than the insurance industry average! We believe this is due in large part to our aforementioned “open brokerage” approach that brings all parties together to develop a comprehensive insurance program focused on the insured.

Since we are very selective in our approach to writing new accounts, we recognized a need to find solutions for the quality, prospective customers and brokers who came to PLM looking for a quote that did not quite fit our



underwriting appetite or guidelines. Our solution was the ABM Agency, started a few years back. The ABM Agency initially worked on placing workers’ compensation coverage for our customers; this has been growing quite nicely since we started. This past year we expanded our approach to find solutions for other lines of property and casualty coverages that might not fit our underwriting appetite or guidelines. This is an exciting development for us at PLM since it allows us to find insurance solutions for an even broader swath of the

lumber and building material industry than ever before.

PROFITABILITY THROUGH DATA MINING, TECHNOLOGY, AND RISK MANAGEMENT

To improve our profitability, we have continued to roll out new underwriting and risk management programs. For example, profitability in commercial auto continues to be a challenge for the entire insurance

loss control, and pricing decisions in a more targeted and precise manner. This type of analysis and approach was not limited to commercial auto. We are using claims data and BI, along with lessons learned from our monthly large loss reviews, to identify loss trends and solutions in all classes and lines of business to help with our underwriting and pricing decisions. It is also used to drive our loss control efforts and recommendation of risk management tools for our customers so they can operate more safely to protect lives and property.

The other part of the solution for improving profitability has been working directly with our customers so that they take more control and ownership in the risk management of their operations. To that end, our Loss Control and Business Development Representatives were busy throughout 2022 visiting our customers and helping them establish or improve their risk management and loss prevention activities. We created profitability and loss analysis dashboards that helped our representatives take a more holistic approach in evaluating specific losses and trends for each of the customers they were meeting. This set the stage for more effective visits and helped guide discussions with our customers on areas where safety improvements could be made. More importantly, we took the time to explain the reasons behind the loss control recommendations that were made. As a result, the number of loss control recommendations generated by our insured visits increased by 11% in 2022 while at the same time reducing the number and length of outstanding recommendations. We also increased and expanded the use of self-survey technology which we call “Anytime Risk Management,” or ARM. This technology enables us to directly engage our customers more frequently to conduct loss control visits of their operations, on their own schedule, guided by the ARM app. This ARM app can be used by our customers on a mobile phone, tablet, or laptop. We will be expanding this technology in 2023 to include “virtual visits” using the same technology platform and app, but with a live person at PLM guiding the loss control visit in real-time together with our customers. We are excited by the possibilities that this type of technology brings to partner more effectively and more frequently with our customers to manage risk and prevent losses.

We have expanded our fleet telematics vendor partnerships in 2022 to provide more options and features for our customers. Enhancements were made to dashboards for both the telematics and continuous MVR monitoring platforms that enable the loss control team to better evaluate and advise our customers on utilizing these tools. We also provided mobile equipment fire suppression

LIGHT MANUFACTURING	
Bat Manufacturing (Property Only)	
Box & Crate Manufacturing	
Cabinet & Caseloads 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 FOR A FULL LISTING OF THE TYPES OF BUSINESSES WE WRITE.	

solutions in 2022 in response to an uptick in fires with these large and expensive pieces of equipment.

We significantly ramped up the collaboration between our Loss Control and Marketing staff to provide risk management and loss prevention content and presentations for customer webinars, Insured Corner videos, email campaigns, technical articles, and other outreach programs. We responded to a record number of speaker requests and articles in lumber industry publications that highlighted a wide range of risk management topics from auto fleet safety to cyber risk. In addition, we increased the volume and usage of the Learning Management System (LMS) on our PLM website that offers short online training videos. The videos, which cover an array of industry-specific loss prevention and safety topics, are great for our customers to use within their group or individualized employee safety meetings.

Combined, we believe these coordinated actions have not only helped protect the lives, property, and on-going business operations of our customers but also assisted in improving our profitability in 2022.

\$100,000) increased by 14, or 22%, however, the associated claim dollars related to these losses dropped by \$8.8 million. The insurance industry has endured significant losses from another active year of weather-related property losses from hurricanes, tornadoes, straight-line winds, floods, freezes, hail, and wildfire claims. Despite this, PLM saw a slight drop in the total number of weather-related claim events over the previous year and experienced a significant drop of over \$24 million, or -64.2%, in total gross losses. While we continue to write business in some catastrophe (CAT) prone areas, we believe our conservative approach to these CAT exposed areas (at both the portfolio and individual account level) combined with our naturally dispersed customer base and strong reinsurance program and structure, has helped us maintain profitability in what has otherwise been a very difficult and costly year for the industry as a whole. Another reason we feel we are better positioned against weather-related claims is the proactive communication from our customer service team who are on the phones with our insureds before, during, and immediately after weather events to make sure they have the information they need to protect themselves and their businesses. The information we provide before the weather event allows them to better prepare and plan, reducing or eliminating losses. When a loss does occur, we help them complete their loss report so that we can immediately begin the settlement process.

On the casualty side, we continued our multi-year effort to strengthen our claim reserves for automobile and general liability claims to reflect the most likely or expected outcomes earlier in the claim cycle. This work effort is known in the insurance industry as “reserving to ultimate” or “terminal reserving.” Given the many variables and long-term nature of casualty-related claims, making a change in reserving philosophy is one of the most difficult things to do. We continue to work closely with our independent actuaries on our reserving practices and have added a record \$15.3 million to our Incurred But Not Reported (IBNR) claims in 2022. As a result, almost 54% of our \$217 million in claims reserves is allocated to IBNR. In the last three years, we have added over \$32 million to IBNR as part of this terminal reserving effort. 🌱

MANAGING LEGAL AND OPERATIONAL EXPENSES

In managing our expenses as they relate to claims, we have made some considerable progress in 2022. From a recovery standpoint, known as salvage and subrogation, we narrowed the gap and fell just short of our \$2.9 million target. Likewise, we reduced both legal and nonlegal expenses associated with claim handling by \$1.4 million, or 9%, over the previous year, coming in at \$15.1 million.

Just as we have done in the claims area, we have continued to focus our efforts on controlling and reducing all other operating expenses as an organization. Through benchmarking, process improvement, innovation, and

technology, we have made significant strides in improving workflows and efficiencies while raising our customer service levels and engagement. These improvements not only kept expenses in line, but it also increased customer satisfaction levels as evidenced by our industry-leading Net Promoter Scores (NPS) and helped to generate an underwriting profit.

MANAGING CLAIMS

The total number of new claims in 2022 increased slightly by 1.7%, or 74 events, for a total of 4,331. Given the amount of economic activity we have seen in the lumber and building material industries we insure, we believe this is an acceptable level of increase and indicates that our efforts towards risk selection, risk management, and loss prevention noted earlier have had their intended impact on lowering new claim activity. Furthermore, the number of pending claims has dropped slightly, and pending lawsuits dropped by -5.1%, thus demonstrating active claim management by our claims team. These favorable underlying claim trends over the last few years, along with our work noted above regarding risk selection, risk management, and loss prevention, build a strong foundation for continued future profitability.

The number of new large losses in property (defined as claims over

**ABM –
GREEN TREE
RISK PARTNERS**

Expanding into property and casualty lines allows us to further round out PLM accounts by placing property, casualty, workers’ compensation, and other lines of business with carriers who have underwriting specialization.

The Allied Building Material Agency (ABM), a division of PLM, was first introduced to our customers and brokers in January of 2020 as a way for us to assist with the placement of workers’ compensation on PLM accounts. Over the past couple years, we added new workers’ compensation carriers to fill in the gaps that we were unable to meet with our other partners. This is an endeavor that we continually explore by adding additional carriers to build upon our foundation and offerings.

The agency also expanded into other areas beyond workers’ compensation. Over the past two years, the agency has 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. The agency is now able to provide PLM clients with competitive umbrella quotes from a group of hand-selected carriers. These are all A-rated carriers that have taken the time to learn the wood niche.

Expanding into property and casualty lines allows us to further round out PLM accounts by placing property, casualty, workers’ compensation, and other lines of business with carriers who have underwriting specialization. It allows us to consider accounts that do not fit PLM’s appetite or do not meet PLM’s minimum underwriting standards. Most importantly, it enables us to offer new solutions to more businesses in the lumber and building materials industries.

Looking at our agency results in 2022, our new business submissions remained steady. The conversion rate came in at 40%, the hit ratio (comparing quoted to bind ratio) exceeded 20%, and new business premium was up 9% year-over-year.

In addition to adding new staff to the agency that filled critical positions and roles, we continued to develop our performance metrics, including operational workflows, regional realignment of our underwriting team, internal auditing procedures, and enhanced reporting capabilities. We entered into a contract with Applied Systems to bring in EPIC, their newest Agency Management System. We expect this to go live in the first quarter of 2023. All these improvements and enhancements will allow us to better serve our brokers and customers.



Additionally, the agency 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) as well as participated in several state insurance agents’ conferences.

A LOOK AHEAD TO 2023 AND BEYOND

In 2023, the agency will continue to seek out partners that will allow us to expand, grow, and provide our organization the “opportunity to never say no” when it comes to offering coverage solutions for businesses in the lumber, building materials, and woodworking industries. 🌱

We will look to roll out competitive products to the marketplace for small retail hardware stores and home center operations that will utilize technology and ease of doing business practices. We will be introducing a new logging program for a segment that PLM has not been able to offer a strong business solution, allowing us to capture the niche from the forest to the mill to the end user. We will also continue to develop program business, look to offer unbundled services, and pursue growth through acquisitions.

Finally, we are working on rebranding the ABM Agency name to Green Tree Risk Partners. Back 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. Originally called The Mutual Assurance Company for Insuring Houses from Loss by Fire, 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 company came together by former policyholders of the Philadelphia Contributionship because they were no longer insuring any building that had trees near it. The fire mark for the company was a tree in full foliage, lending to the company to later be known as Green Tree.

A full rebranding of the new agency name will be officially launched in the second quarter of 2023. With the new Green Tree Risk Partners name, we feel that it will more accurately reflect the agency’s commitment to the niche as we strive to provide more coverage solutions to businesses throughout the lumber and building materials industries.

In 2023, the agency will continue to seek out partners that will allow us to expand, grow, and provide our organization the “opportunity to never say no” when it comes to offering coverage solutions for businesses in the lumber, building materials, and woodworking industries.



ENTERPRISE RISK MANAGEMENT

At PLM, risk is viewed as a part of our culture. Strategies developed and actions taken across the entire organization are based on our consistent monitoring of internal and external environments.



Throughout this report, we’ve denoted several activities and actions taken in 2022 with a small symbol. What do these all have in common? They are active responses to the current and emerging risks that we face as a company. Risk is everywhere. It’s a part of your every decision, from the business-defining strategic ones to the off-the-cuff ones we make when asked a question. It cannot be managed strictly as a line item on your financials or by a single person. Risk needs to be viewed at an enterprise level. At PLM, risk is viewed as a part of our culture. Strategies developed and actions taken across the entire organization are based on our

consistent monitoring of internal and external environments. While we continue to expand our efforts around enterprise risk management, the fundamentals for identifying risks are transferrable across all businesses and all industries. It starts with seeing your internal and external environments with a new lens. **Look In:** It’s important to take a step back from everyday operations and look internally for risks and opportunities. Your people, processes, and technologies should be reviewed both independently and collectively. For us, we’ve identified system

and human vulnerabilities from a cyber standpoint that we’re addressing. We continue to expand our regulatory efforts as our company grows in size and complexity. We are collaborating more as an organization to create a stronger customer experience. We further matured our ABM agency processes to solidify its position in the PLM strategy. We see opportunities for training at every level of the organization to create stronger expertise in the insurance industry. What’s your biggest challenge when you look internally? Where’s your greatest opportunity? **Look Around:** Businesses do not

operate in isolation. They operate in a larger ecosystem. You can learn a lot by looking at both your competitors and the supply chain or value chain in which you operate. The insurance industry, much like many other industries, is seeing a wave of retirements that are leaving many open positions that will need to be filled over the next decade. We’re responding with financial support of industry scholarships and through the development of our own internship program. We committed a lot of time and resources to building out better intelligence capabilities as an organization. This knowledge is power as we operate in a changing

environment. We’ve continued to build our “opportunity to never say no” strategy with ABM to better serve the industry we dedicate ourselves to. **Look Up:** Economic and societal events and trends can represent a variety of risks and opportunities and it’s important to stay abreast of the world around us. The 2022 investment market presented challenges for many, and we took it on with more vigilance and more frequent review with our investment committee. We navigated a difficult reinsurance market by staying true to our philosophies. Social inflation continues to make headlines,

and developments in this area have impacted our approach to claims handling and reserving. We participate in the main legislative initiatives of both the insurance and wood industries to create stronger foundations for profitable business. The idea of the workplace continues to evolve. We have rolled out new employee engagement systems and various other efforts to engage our own employees. What’s happening in the external environment in which you operate? Are you watching from the sidelines or are you reacting? **Look Out:** It’s not enough to look at current risks. We also need to look at future and emerging risks.

We are consistently scanning our internal and external environments for risks that could present themselves in the future. We attend hundreds of trade shows a year where we can stay updated on the industries we serve. We’re supporting various educational efforts in the wood industry to show the next generation how much good comes from the work that this industry does. We’re also looking at our own future. We’ve spent a considerable amount of time training our emerging leaders. We’re identifying key succession plans early and developing the skills and relationships necessary to create seamless transitions.

How are you setting up your organization and your industry for another generation of success? We see risk as the foundation for our progress. Our ability to support the current and future needs of our stakeholders and to grow profitably is dependent on our ability to manage downside risk and exploit upside risk and opportunities. Each year, enterprise risk management becomes more entrenched in the PLM culture. We urge you to look at the world around you and make it part of your culture, too.



CYBER SECURITY

Recognizing the global increases in ransomware, we increased our cyber awareness program to strengthen our staff defenses – our “human firewall.” We conducted monthly phishing tests and introduced routine email communications covering security hits, tips, and examples of scams.

Our commitment to cyber technology, training, and best practices continued strong in 2022. Despite our dedicated efforts to keep our insureds and company data safe, cyber security risk remains high due to the frequency of vulnerabilities in exploited systems, the increase in ransomware attacks, and the value of compromised data as a lucrative business for hackers and cyber gangs.

Recognizing the global increases in ransomware, we increased our cyber awareness program to strengthen our staff defenses – our “human firewall.” We conducted monthly phishing tests and introduced routine email communications covering security hits, tips, and examples of scams. We updated our Security Awareness Proficiency and Security Culture Assessments. Through our database of individual attributes, behaviors, and test results, we identified staff who are at higher risk of being phished and held additional training. We delivered quarterly live cyber status and awareness presentations to our leadership team and managers. We added our Board of Directors to our cyber training program. Finally, we rolled out cyber dashboards to all staff and managers to monitor their performance in training, phish tests, and quantitative risk scores. As a result, our annual test results improved over the previous year with less “clickers.”

Our continuous monitoring and vulnerability scans ensured patches were applied and effective. Our status remains satisfactory, apart from the internal, low risk of some legacy servers that we are actively replacing. We added more authentication controls to our internal network for high-risk accounts. With our incoming email volume being up at least 20% since the start of the pandemic, we implemented more stringent email data archiving to decrease our exposure in the event of unauthorized access. We passed our annual test where a third-party “ethical hacker” was engaged to try breaking into our network using social engineering and technology exploits.

In addition to ransomware, the cyber environment has seen increased incidents exploiting third parties and service providers as a means to open a door to its customer base. We continue to conduct annual security assessments for all vendors with a focus on those containing confidential or personally identifiable information (PII). We have suspended business with at least one organization with two more currently in containment for mitigation.

To help us prepare in the event of an incident, we conducted an annual

security incident response tabletop test that included the members of our executive team. The scenario prompted us to also test triggers for engaging crisis management and business continuity plans. Our process was enacted with one material cyber incident in late 2022. Despite training, we were successfully phished. Two employees were tricked and offered their credentials and secondary approval (MFA). Both our systems and people quickly recognized the unusual activity and intervened in enough time to prevent a data breach. All employees were retrained based upon the learnings.

Finally, recognizing the risk cyber poses to our insureds’ operations, we volunteered our experiences and program best practices. Our IT, underwriting, and claims staff contributed many industry articles and spoke at several virtual and in-person presentations on cyber security.

We will continue this work in 2023 as we offer more information and resources on cyber security to our customers and brokers through webinars, articles, and speaking opportunities. We want to share our experiences and knowledge to collectively strengthen offensive and defensive strategies. We hope that doing so will reduce this risk for all our stakeholders in the insurance and the lumber and building materials industries.

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Our portfolio grew by \$17.8 million in statutory financial statement value, thanks to superior operating cash flow over the course of 2022.



Global investment markets moved downward in 2022 as price inflation, driven by government response to the COVID-19 pandemic, jumped to near double-digits across the developed world. Central bankers abandoned their policies of monetary easing to attempt to bring inflation down to their respective targets. Rising interest rates across the maturity spectrum depressed bond values. Concurrently, equities lost value from a combination of competition with the higher bond returns now available and investors' fear of declining corporate earnings tied to slowing economies and inflation cost pressures. The past year was the worst year for the combination of fixed income and equity returns since 1926.

Our portfolio grew by \$17.8 million in statutory financial statement value, thanks to superior operating cash flow over the course of 2022. Net cash generated by underwriting activities and investment income receipts totaled \$49.1 million.

A portion of the positive flow was invested in fixed income securities (primarily corporate bonds), but the largest share was retained in short-term vehicles due to the near-term prospect for a further rise in bond yields. Cash and short-term investments were \$65.5 million as of December 31, 2022. We plan to reinvest the bulk of this balance during 2023 in long-term fixed income and equity securities as per our investment guidelines.

Equity securities declined by \$13.9 million in statutory financial statement value from December 31, 2021. The change is composed of a net additional investment of \$5.8 million in this portfolio sector less a net decline in aggregate market value of \$19.7 million. Our 2022 investments focused on the energy sector to take advantage of the imbalance between supply and demand for fossil fuels. Energy was one of the very few equity market segments to report value appreciation during this past year. Virtually all other market segments declined due to the aforementioned interest rate and inflation pressures.

One positive aspect of rising interest rates was the opportunity to invest cash flows in bonds and equities at higher yields to maturity and dividend yields, respectively. Net investment income reported for 2022 was \$11.4 million, a \$2.3 million increase over 2021. Interest income grew \$1.1 million, dividend income rose \$0.5 million, income from other invested assets rose \$0.4 million, and investment expenses declined \$0.3 million.

The Investment Committee of our Board of Directors met frequently during 2022 to keep abreast of the challenging market conditions. This was certainly a year where the committee's decisions on portfolio allocation, security quality, and fixed income duration played a significant role in our enterprise risk management. ⚙️ We believe our relatively conservative portfolio stance as of the close of 2022 provides a strong base from which to take advantage of investment opportunities during 2023.

One positive aspect of rising interest rates was the opportunity to invest cash flows in bonds and equities at higher yields to maturity and dividend yields, respectively. Net investment income reported for 2022 was \$11.4 million, a \$2.3 million increase over 2021.



FINANCIAL STATEMENT/ BALANCE SHEET

We are pleased to report that we had another successful year in 2022 from an operations perspective, generating an underwriting income in six out of the last seven years and a net income for the eighth consecutive year!

2022 was a year that provided mixed results for PLM. PLM, along with many other companies, took a hit on our mark-to-market securities, which was the primary contributing factor for the drop of \$13.5 million to our policyholder surplus. However, we are pleased to report that we had another successful year in 2022 from an operations perspective, generating an underwriting income in six out of the last seven years and a net income for the eighth consecutive year!

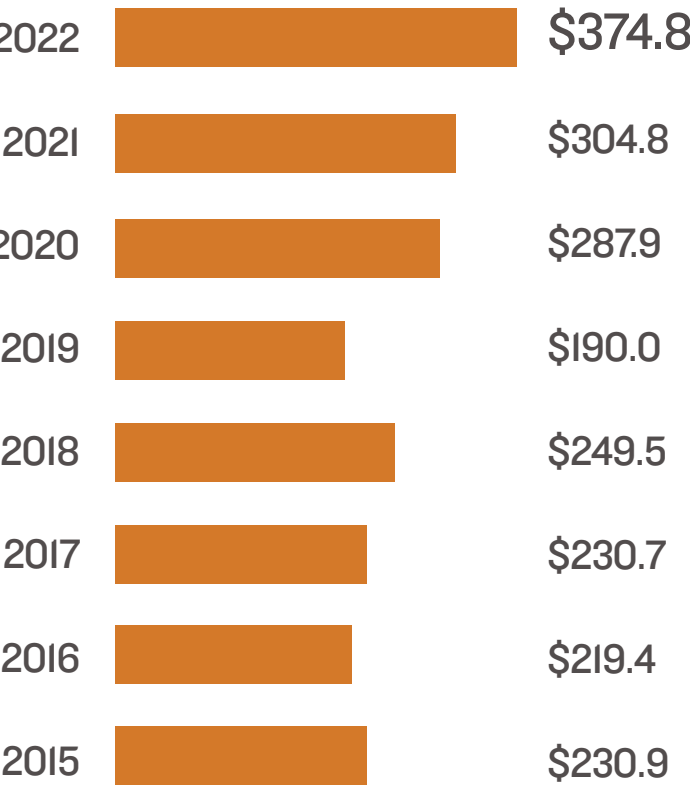
Total admitted assets climbed \$42.3 million to bring our total assets to \$612.7 million, which is an all-time high. The asset increase was overshadowed by an increase in our liabilities of \$55.8 million over the previous year.

Looking deeper at the asset side of our statement book, the increase of \$42.3 million came from an increase in our total investments including cash and short term of \$17.8 million. This increase was offset by a drop in our mark-to-market assets of over \$20.0 million. Premium receivables grew by \$13.7 million which is not surprising considering the premium growth that was recognized during 2022. Reinsurance recoverable on paid losses increased due to some higher property claims paid out during the fourth quarter.

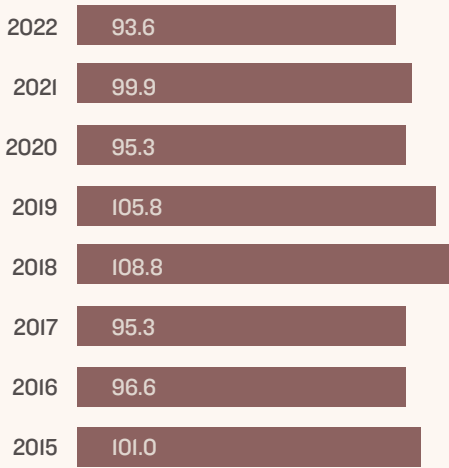
On the liability side, the biggest contributors to the \$55.8 million increase were largely due to an increase in total loss reserves of \$16.8 million and \$34.9 million in unearned premium reserves. The increase in loss reserves was mostly due to an increase of our IBNR reserves of \$16.8 million, which represents 54% of the company's total loss reserves. This is reflective of management's conservative approach in ensuring that our insureds are protected. The \$34.9 million increase in unearned premium reserves is due to the premium growth that we have been fortunate enough to report.

The results of our balance sheet continue to support the conservative approach that management has been displaying for years, which echoes our commitment to always having the best interests of our stakeholders in mind.

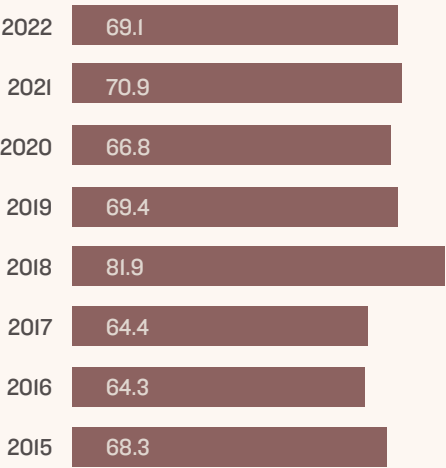
DIRECT WRITTEN PREMIUM (\$ in Millions)



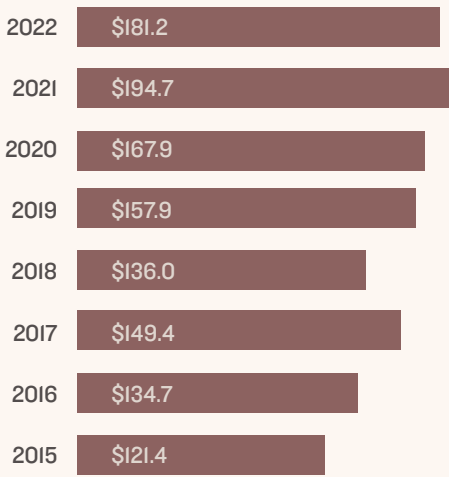
COMBINED RATIO (%)



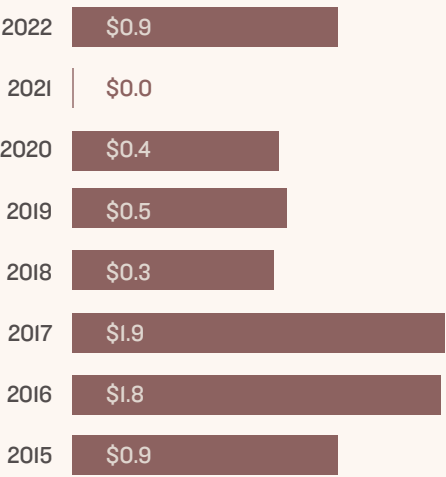
ANNUAL LOSS RATIO (%)



YEAR END SURPLUS (\$ in Millions)



DIVIDENDS (\$ in Millions)



CONDENSED COMPARATIVE
STATUTORY BALANCE SHEET

2022 VS. 2021 (\$ in Millions)

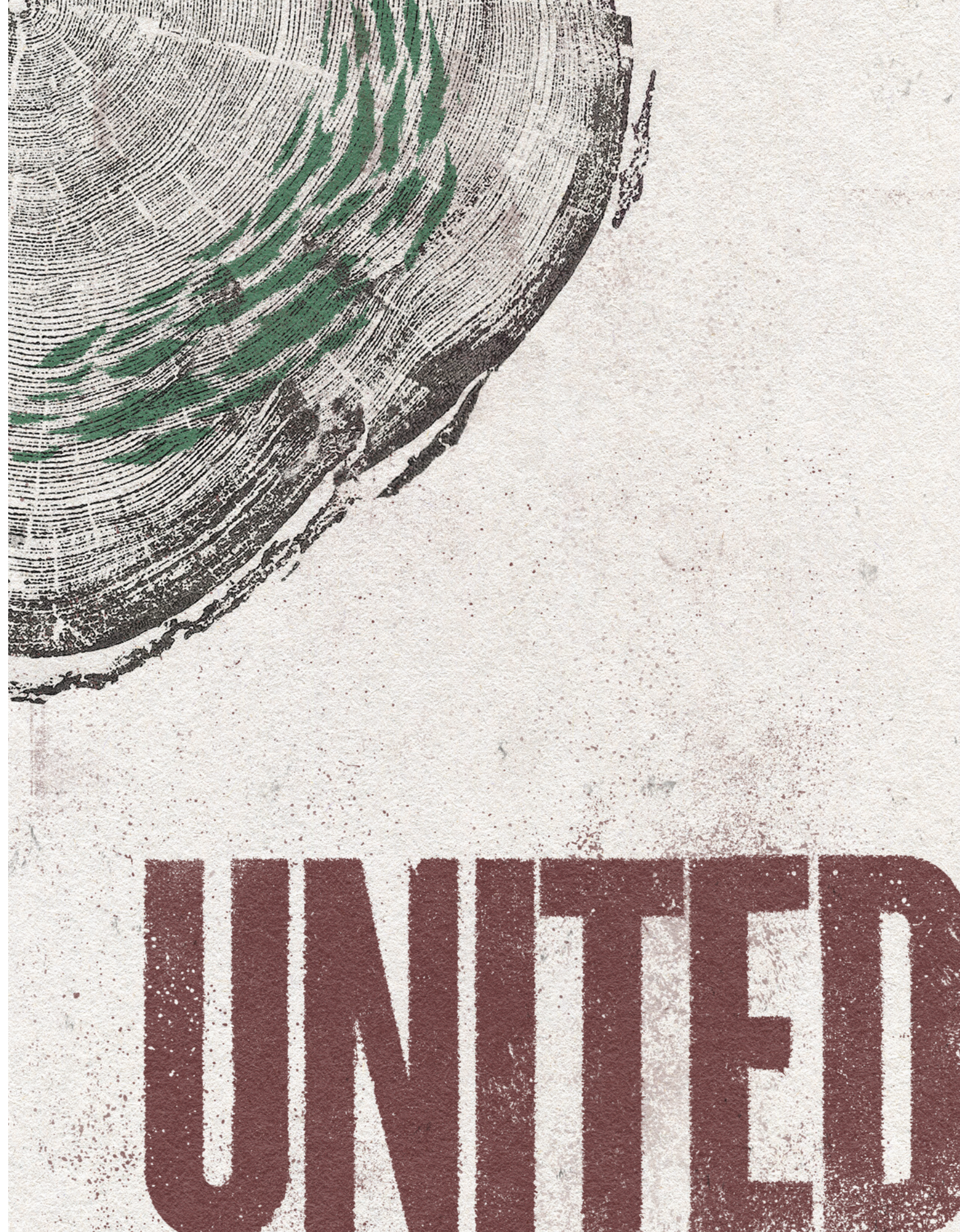
ASSETS	2022	2021	2022 vs. 2021 CHANGE
INVESTMENTS AND CASH			
Fixed Income Securities (at amortized cost)	\$298.7	\$320.9	(\$22.2)
Equity Securities (at market)	80.9	94.8	(13.9)
Cash, Short Term and Other Investments	75.4	21.5	53.9
TOTAL CASH AND INVESTMENT	455.0	437.2	17.8
RECEIVABLES			
Premiums Due	132.4	118.8	13.6
Reinsurance Recoverable on Paid Losses	13.6	9.2	4.4
Accrued Investment Income	2.6	2.6	-
TOTAL RECEIVABLES	148.6	130.6	18.0
Other Assets	9.1	2.6	6.5
TOTAL ASSETS	\$612.7	\$570.4	\$42.3
LIABILITIES AND SURPLUS			
LIABILITIES			
Loss Reserves	\$217.0	\$200.2	\$16.8
Unearned Premium Reserves	170.6	135.7	34.9
Premium Due Reinsurers	11.4	8.6	2.8
Expenses Payable and Other Liabilities	32.5	31.2	1.3
TOTAL LIABILITIES	431.5	375.7	55.8
SURPLUS	181.2	194.7	(13.5)
TOTAL LIABILITIES AND SURPLUS	\$612.7	\$570.4	\$42.3

CONDENSED COMPARATIVE
STATUTORY OPERATING RESULTS

2022 VS. 2021 (\$ in Millions)

	2022	2021	2022 vs. 2021 CHANGE
Premiums Written – Direct	\$374.8	\$304.8	\$70.0
Premiums Written – Net	\$270.2	\$187.2	\$82.9
Premiums Earned	\$235.3	\$203.4	\$31.9
Losses Incurred	162.7	144.1	18.6
Expenses Incurred	66.0	54.5	11.5
TOTAL LOSSES AND EXPENSES	228.7	198.6	30.1
Underwriting Profit	6.6	4.8	1.8
Dividends	0.9	-	0.9
Underwriting Profit After Dividends	5.7	4.8	0.9
Net Investments Income	11.4	9.1	2.3
Pre-Tax Operating Income	17.1	13.9	3.2
Realized Gains/(Losses) & Other	(0.0)	8.5	(8.5)
Pre-Tax Income	17.1	22.4	(5.3)
Federal Income Taxes	4.3	2.7	1.6
Net Income	12.8	19.7	(6.9)
Change in Unrealized Gains (Net of Tax)	(17.2)	10.4	(27.6)
Other Surplus (Decrease)/Increase	(9.1)	(3.3)	(5.8)
Change in Surplus	(\$13.5)	\$26.8	(\$40.3)
Total Surplus	\$181.2	194.7	(\$13.5)
% INCREASE IN SURPLUS	(6.9%)	16.0%	

The results of our balance sheet continue to support the conservative approach that management has been displaying for years, which echoes our commitment to always having the best interests of our stakeholders in mind.



CHARITABLE GIVING

PLM and our employees are dedicated to giving back to our communities, to supporting the organizations that promote the growth of the industries we work in and serve, and to stepping up to raise funds for issues that we are passionate about.



When looking back at 2022, we are extremely proud of the generosity and charitable spirit of our employees. Despite operating as a fully remote company with employees throughout the U.S., our people still make the time to come together for various in-person volunteer events in their regional areas as well as take time on their own to volunteer towards their communities or causes near to their hearts.

This past year, 52 of our employees throughout the country took part in the following in-person volunteer events:

- BOCA HELPING HANDS – BOCA RATON, FL
- CRADLES TO CRAYONS – PHILADELPHIA, PA
- FAMILY PROMISE MONTCO PA (FORMERLY INTER-FAITH HOUSING ALLIANCE) – AMBLER, PA
- FIREFLY CHILDREN & FAMILY ALLIANCE – INDIANAPOLIS, IN
- TEMPLE CORPS COMMUNITY CENTER – PHILADELPHIA, PA

In addition, a group of some of our Philadelphia-based people participated in the yearly Insurance Softball League of Philadelphia, to play towards raising money for the Philadelphia Children's Alliance. This summer, the PLM softball team, along with the support of our employees nationwide, swung for the fences, raising more than \$9,000 for this nonprofit dedicated to responding to incidents of child abuse and providing support and therapy to victims.

For the 2022 season, PLM soared past its previous year's stats, finishing third overall during the regular season and reaching the quarterfinals of the tournament. But for PLM, the most significant accomplishment was raising more than \$9,000 prior to any matching. This was the highest dollar amount raised by any participating team.

For many years now, PLM has run a yearly United Way Campaign, a month-long giving event in support of local charities and nonprofits. In 2022, for our second year in a row we had 100 percent employee participation in pledging donations through United Way! We managed to hit 100 percent participation

within only two weeks from the kickoff of our campaign, which is a tribute to the commitment that PLM employees have for the United Way.

With 158 employees participating with an average pledge of \$526, we ended with \$83,127 in employee donations. These funds were matched by PLM at \$1.50 for every \$1 for employees, and \$2 for every \$1 for new employees. With the PLM match, donations from retirees, and additional funds collected from fundraisers, raffles, and events, we ended up with an impressive \$233,647. These dollars were allocated to 175 different charitable organizations in the United Way network throughout the country. We were impressed to see 42 employees step up as Leadership Donors (a person donating \$1,000 or more per year), and to have many new PLM employees joining in to ensure a successful campaign for us all.

In addition to our United Way campaign, PLM further supports charitable giving by matching dollar-for-dollar for all other employee giving. With the matched contributions from our employees and board members, PLM



CHARITABLE ORGANIZATIONS

- American Cancer Society
- Augustinian Friars
- Barnes Foundation
- Boca Helping Hands
- Boy Scouts of America
- Boys & Girls Club of Chester
- Breakthrough Education
- Bryn Mawr Presbyterian Church
- Carmel Lions Club
- Children's Global Health Fund
- Children's Hospital of Philadelphia (CHOP)
- Cradles to Crayons
- Crescent Springs Presbyterian Church
- Croix Rouge International Committee
- Daylesford Abbey
- DeLaSalle High School
- Dementia Society of America
- Drexel University
- Family Promise
- Fireman's Hall Museum
- First United Methodist Church
- Gamma Iota Sigma
- Girl Scouts of the USA
- Hampden-Sydney College
- Hardwood Federation
- Heartland Hospice
- Hebrew Immigrant Aid Society (HIAS) & Council Migration Service of Philadelphia
- Hoover Institution
- Hospice Care Team
- Institute for Quality Education
- Insurance Society of Philadelphia
- Jewish National Fund
- Kentucky Forest Industries Association (KFIA)
- Melrose B'nai Israel Emanu-El
- Metropolitan Golf Association
- Mountaineer Food Bank

donated to 79 charitable organizations totaling over \$362,000 in corporative giving in 2022.

INDUSTRY SUPPORT

PLM also places significant importance on supporting the industries that we work in and serve. As an organization, we provide sponsorship support towards several insurance-related organizations such as The Insurance Society of Philadelphia, The

on committees or on their boards to further promote our local insurance communities and insurance education, and to help build the next generation of insurance leaders.

We are also active supporters of many wood-related organizations and initiatives that help promote the future growth of the lumber and building materials industries. As both a mutual insurance company, and a service provider that serves wood-related businesses throughout the country, we understand the importance of

and associations towards education, next generation development, women in the industry, legislative issues, and industry awareness. Whether it be a sponsorship towards teaching kits for children in schools across North America to learn about sustainable forestry, providing education for the next generation of lumber dealers, advancing the legislative and regulatory interests of wood businesses, or promoting real American hardwoods to consumers, we

want to be part of it all – to ensure the growth and continuity of the wood industry.

GIVING IN 2023

In this new year, we continue in our efforts towards giving back to our communities and to the industries we serve. One initiative that we are passionate about in 2023 is our support towards the St. Baldrick's Foundation, an organization dedicated to the research to find cures for childhood cancers.

In 2016, John Smith, President and CEO, along with his wife Julie participated in a head-shaving event that raised over \$100,000 for the St. Baldrick's Foundation. This year, we are planning another fundraiser, but this time, PLM employees will also be participating in St. Baldrick's signature head-shaving event at our yearly company-wide meeting in April. Several PLM employees have volunteered to shave their heads bald to help bring awareness and to stand in solidarity with the many kids who have lost their hair during treatment.

In addition to the involvement of our people, we are also reaching out to our friends, colleagues, and partners in the wood and insurance industries to join us in our campaign to reach our goal of raising \$75,000 for the St. Baldricks Foundation. PLM's fundraising goals are not just to support cancer research, but we are also supporting the hope that one day we will find a cure that puts an end to childhood cancer. Together, we can come one step closer to this goal.

PLM and our employees are dedicated to giving back to our communities, to supporting the organizations that promote the growth of the industries we work in and serve, and to stepping up to raise funds for issues that we are passionate about.



Institutes, The CPCU Society, and Gamma Iota Sigma, a professional fraternity that promotes and sustains student interest in careers in insurance, risk management and actuarial science. We also support the National Association of Mutual Insurance Companies (NAMIC) Mutual Insurance Foundation Scholarship, which is doing an excellent job of highlighting the importance of mutual companies as students begin pursuing their careers in insurance. In addition to financial support, many of our people are actively involved in these organizations by serving

participating in the many efforts to support, educate, and grow the members, organizations, and partners of the wood industry.

PLM was formed 128 years ago by a group of lumber dealers who were looking for a solution to an industry problem. Our growth over those years has come from finding ways to help promote the evolution of this great industry. We're excited to not only see but to participate in the many ways that the industry has been changing and advancing. We provide sponsorships for many different organizations

LIVE UNITED United Way					PLM UNITED 2022 UNITED WAY CAMPAIGN RESULTS				
100% Employee Participation 2ND YEAR IN A ROW!		\$83,127 PLM Employees Donated		\$233,647 With Company Match					
\$6,000 Fundraising Dollars	175 Donor Choice Organizations	42 Leadership Donors	158 Employees Pledged	\$526 Average Pledge Amount					

- Museum of the American Revolution
- NAMIC Mutual Insurance Foundation
- National Association of Mutual Insurance Companies
- National Forest Foundation
- New Hope Baptist Church
- New York Law School
- One Love Animal Rescue Group
- Pediatric Brain Tumor Foundation
- Pennsylvania Horticultural Society, The
- Pennsylvania Society for the Prevention of Cruelty to Animals
- Philadelphia Children's Alliance
- Philadelphia Museum of Art
- Philadelphia Ronald McDonald House
- Presbyterian Community Center
- Real American Hardwood Coalition
- Rider University
- Rise Against Hunger
- Ronald McDonald House Charities
- St. Andrew Presbyterian Church
- St. Baldrick's Foundation
- St. Francis-in-the-Fields Episcopal Church
- St. Jude Children's Research Hospital
- St. Thomas of Villanova
- Salem Museum & Historical Society
- Salem Presbyterian Church
- Salvation Army, The
- Second Helpings
- Spencer Educational Foundation
- Squam Lakes Natural Science Center
- Sunset Hills United Presbyterian Church
- Sweet Briar College
- Trees Remember, The
- Union League Philadelphia, The
- United Way of Greater Philadelphia and Southern New Jersey
- Volunteer Florida Foundation
- West Trenton Presbyterian Church
- Western Pallet Association
- Zionist Organization of America

DAVID ADAMS
ROBERT ANSBACH
TRACI BARBER
ANGELA BAUER
PATRICK BEATTY
TAMYRA BEST
ALEX BEYER
JILL BLOCKER
DAVID BORGESON
LISA BRAGG
DANIEL BRAIMAN
SEAN BRISCOE
TONYA BURROUGHS
RASHEED BYRD
TODD BYRD
CLAUDETTE CANNATELLA-FERAZZOLI
JULIAN CARROLL
KEVIN CATTELL
LORI CHANEY
SUSAN CHO
LOUIS CHOW
ANNA CIALONE
GAIL COLBY
KELLY CONLAN
MICHAEL CONLIN
CARLA CORRADO
RICHARD COSTELLO
ALEXANDRIA CRAIG
LYNN CRUTCHFIELD
MICHAEL CULBRETH
MELANIE CULP
ELEANOR CURRY
NICHOLAS CUSATO

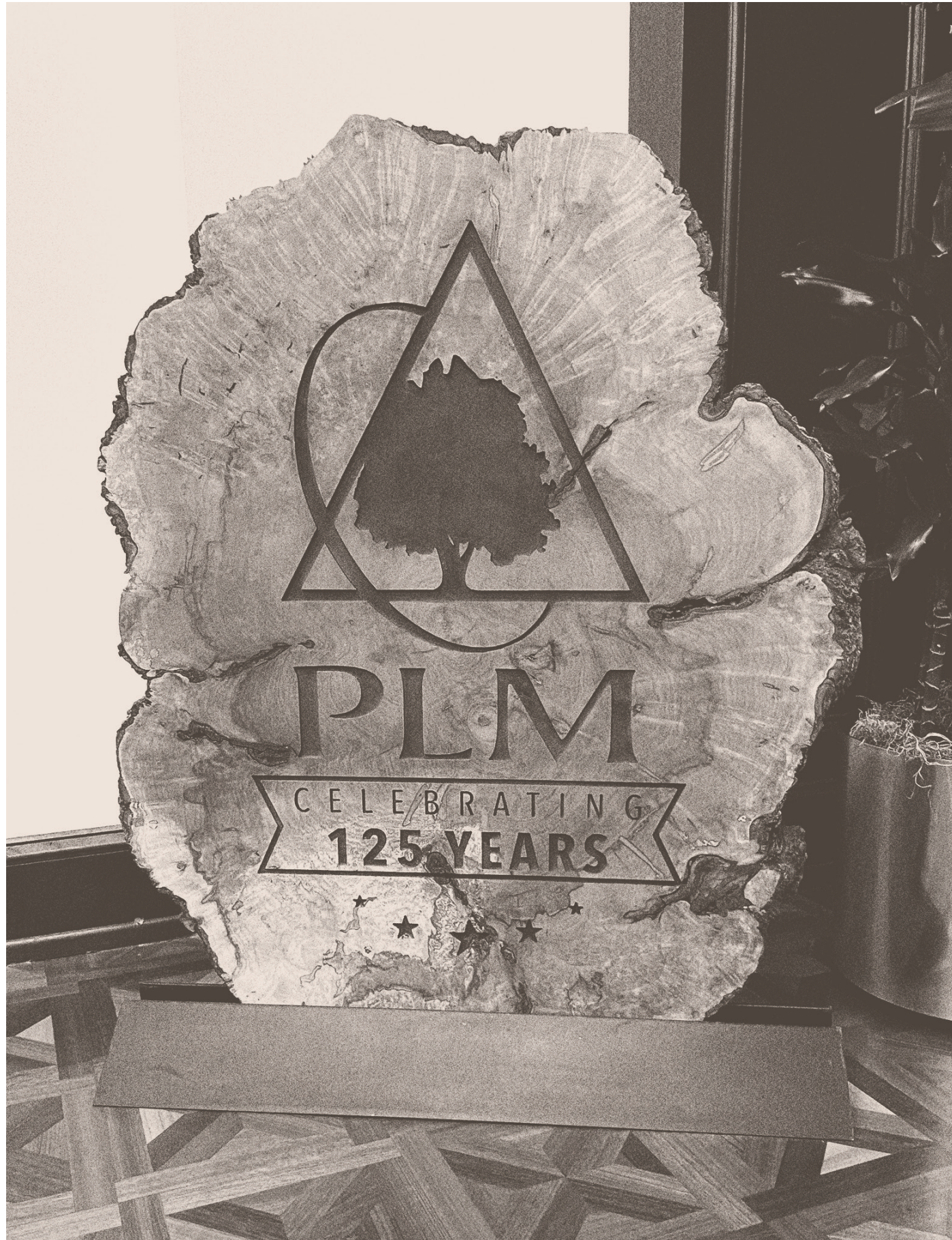
JENNIFER DANIELIAN
DIANE DELLA PIA
SALLY DELP
CHRISTINE DERBY
BRIAN DEVENNY
LINDSEY DIGANGI
JOSEPH DONNELLY
DEANA DORSEY
CAREY DUNCAN
JAYA ECHEVARRIA
MONICA EGUIGUREN
CHRISTOPHER ERB
JEFFREY EVANS
STEPHAN FIRKO
BRIDGET FISHER
JANICE FISHER
DANIEL FOSNOT
CARISSA FRANKLIN
TERRY FRICKER
CHARLOTTE FRIEND
CHRISTINE FULLER
DEBBIE FULLER
TAMMY GALLATIN
ANGELO GANGUZZA
BJ GARDNER
KEIA GILLIAM
SHEILA GJEVRE
KELTON GOODMAN
CINDI GRAAT
MICHAEL GREENHALL
MARCO GULINO
KIMBERLY HABEGGER
RICHARD HALL

GEORGE HAWKINS
CHRISTOPHER HEALY
JEFFREY HENDERSHOT
STEPHEN HICKS
CANDACE HOWER
FRANK IACONO
KOBIE JACOBS
CHRISTOPHER JACOBSON
RANADA JAMES
HAROLD JAMISON
SCOTT JOHNSON
WILLIAM JOHNSON
JOHN KENNEALY
LORETTA KEPHART
STEPHEN KERN
ERIN KEYSER
MATTHEW KIENHOLZ
TRICIA KILRAIN
PETER KIM
LEANN KISH
EMILY LACY
TAMMY LANDERS
NICHOLAS LAWLOR
ROBERT LEMIEUX
JILL LEVINE
ARLEN LEWIS
MICHAEL LIGHTNER
REGINA LOPRESTI
TODD LOY
MARIA LUBBERS
SYED MAHMUD
SUZANNE MAILE
NINA MANOJLOVICH

JOHN MARAZZO
TIFFANY MARKHAM
SAMUEL MATTHEWS
KAREN MCALLISTER
BELINDA MCNEIL
SANDRA MEIER
RENÉE MILES
AUDREY MILLER
CHAYLA MONROE
CHRISTOPHER MORAN
KEITH MOSHER
CHARLENE MOUNT
PHYLIS MUNUHE
TERESA MURPHY
LAVONDAH MUSE
EDWARD NIEWINSKI
EDWARD NOWAK
PAUL NYITRAY
LIAM O'BRIEN
STEPHONE OAKLEY
LAURIE ONCALE
WILLIAM OSBORNE
VINCENT PACE
WILLIAM PAGE
JACK PARIS
KAREN PARKER
GARY POSTEL
MARIJA RAMON
MELISSA RAMOS
MICHELLE REVELLE
NICOLE REYNOLDS
PAMELA REYNOLDS
KEVIN RIDDICK

PAUL ROBERTS
ALLAN ROBINSON
JESSICA ROCHA
JOSEPH ROCHE
RAY ROGERS
VERONIKA ROSENBAUM
DONNA SCARDELLI
COLIN SCHLEEPER
BRAD SCHOOLCRAFT
BARBARA SCHUSTER
MICHAEL SEIWERT
ERIN SELFE
REGINA SERAPIAO
KAREN SEWELL
BENJAMIN SHAFER
ANDREW SIMINERIO
SONDRA SKIBIAK
RANDY SKOPECEK
JOHN SMITH
SYDNEY STENSON
KELLY SULLIVAN
DONNA TAYLOR
RITA TAYLOR
VERONICA WILKINS
SUE WINSTEL
CHARLENE WOLFE
CHRISTINE WOODWARD
MICHAEL ZDROJEWSKI
DAVID ZEIGENFUSS
RICHARD ZORMAN

2022 DESIGNATIONS/ CERTIFICATIONS	
JULIAN CARROLL	SEC+
KELLY CONLAN	CCWS
MICHAEL CONLIN	ARE
CARLA CORRADO	AIS
RICHARD COSTELLO	AIS
NICHOLAS CUSATO	AINS
LINDSEY DIGANGI	AIS
JAYA ECHEVARRIA	AIC, AINS
JANICE FISHER	WCP
CHRISTINE FULLER	AIS
BJ GARDNER	AINS
JEFF HENDERSHOT	ARM
CANDACE HOWER	ASLI
CHRISTOPHER JACOBSON	ARM
MATTHEW KIENHOLZ	ARE, CPCU
TODD LOY	AIS
SYED MAHMUD	AINS
JOHN MARAZZO	MDC
WILLIAM OSBORNE	ARE
MICHELLE REVELLE	AIDA
DONNA TAYLOR	WCP
SUE WINSTEL	AAI



2022 MILESTONE ANNIVERSARIES

FIVE YEARS

RASHEED BYRD
CARLA CORRADO
RICHARD COSTELLO
SHEILA GJEVRE
STEPHEN KERN
RENÉE MILES
VERONIKA ROSENBAUM
ERIN SELFE

TWENTY YEARS

SUSAN CHO
MICHAEL CULBRETH
PAMELA REYNOLDS

TEN YEARS

BRIDGET FISHER
TERRY FRICKER
STEPHEN HICKS
LAVONDAH MUSE
EDWARD NIEWINSKI

TWENTY-FIVE YEARS

DAVID ADAMS

FIFTEEN YEARS

PETER KIM
MARIA LUBBERS
BELINDA MCNEIL
KAREN SEWELL

FIFTY YEARS

TERESA MURPHY

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



HAROLD L. JAMISON, JD, CPCU
SENIOR VICE PRESIDENT
HR, REGULATORY & GOVERNMENT AFFAIRS, &
CORPORATE SECRETARY



ANGELO T. GANGUZZA
VICE PRESIDENT & GENERAL MANAGER
BROKERAGE OPERATIONS



WILLIAM F. JOHNSON, JR.
VICE PRESIDENT
UNDERWRITING



JOHN J. KENNEALY
VICE PRESIDENT
CLAIMS



JOHN F. MARAZZO
VICE PRESIDENT
ACCOUNTING/TREASURER



ERIN SELFE
VICE PRESIDENT
INFORMATION TECHNOLOGY



DAVID ADAMS
ASSISTANT VICE PRESIDENT
FIELD OPERATIONS



TRACI BARBER
ASSISTANT VICE PRESIDENT
CUSTOMER SERVICE



SEAN T. BRISCOE, MBA
ASSISTANT VICE PRESIDENT
UNDERWRITING



LINDSEY DIGANGI, MBA, CPCU
ASSISTANT VICE PRESIDENT
MARKETING



TRICIA KILRAIN
ASSISTANT VICE PRESIDENT
FIELD OPERATIONS

BOARD OF DIRECTORS

There were several significant changes to PLM’s Board of Directors in 2022 with the retirement of two longtime members, the appointment of a new member, and the passing of two former members of the PLM and the ILM Board of Directors.



TIMOTHY W. CALLAHAN, II ESQ.
OF COUNSEL, SAUL EWING LLP,
PHILADELPHIA, PA
CHAIRMAN OF THE BOARD



JOHN K. SMITH
PENNSYLVANIA LUMBERMENS
MUTUAL INSURANCE COMPANY,
PHILADELPHIA, PA



STEPHEN F. BOYD
MANUFACTURERS RESERVE
SUPPLY, INC., IRVINGTON, NJ



CALLY FROMME
KODIAK BUILDING
PARTNERS, VICTORIA, TX



JOHN T. HILL, II, CPA
PUBLIC SERVICE INSURANCE
COMPANY, NEW YORK, NY



HARVEY E. KROIZ
FIRST CAPITAL REALTY, INC.,
PLYMOUTH MEETING, PA



W. CRAIG MYERS
RETIRED VP – MARKETING OF
PENNSYLVANIA LUMBERMENS
MUTUAL INSURANCE COMPANY,
PHILADELPHIA, PA



JOHN F. WOLF
RETIRED PRESIDENT & CEO OF
INDIANA LUMBERMENS MUTUAL
INSURANCE COMPANY,
INDIANAPOLIS, IN



JACK YATES, III
CARLINO CAPITAL,
MANAGEMENT CORPORATION,
WYOMISSING, PA

IN MEMORIAM

Late in 2022, we saw the passing of PLM’s former board member, **WALTER R. MILBOURNE**. He served on PLM’s Board of Directors for 34 years and was a member of the Executive Committee and the Chairman of the Audit Nominating Committee.

Mr. Milbourne graduated from Harvard Law School after Princeton University, before embarking on an illustrious 40+ year law career. He began his practice in Philadelphia, first at Pepper, Hamilton and Sheetz, before joining Obermeyer, Rebman, Maxwell and Hippel. He continued his law journey as a partner at Saul, Ewing, Remick and Saul. Mr. Milbourne was nationally recognized as an insurance and reinsurance defense litigator and a fellow of the American College of Trial Lawyers. He was the longest serving member of the Board of Directors for PLM and an Executive Committee member of the International Association of Defense Counsel (IADC).

During his tenure on PLM’s Board of Directors, his counsel and leadership on numerous board, industry, and company matters have been key in shaping the company and have been instrumental in our success.

In January of this year, we saw the passing of **ROBERT “BOB” HARRISON**, retired President, CEO and Chairman of the Board of Directors of Indiana Lumbermens Mutual Insurance Company (ILM).

Mr. Harrison joined Indiana Lumbermens in 1962 as a Lumber Sales Representative. After ten years, he was promoted to Vice President of Sales. In 1975, he became Executive Vice President, followed by becoming President and CEO in 1978. In 2008, after 46 years of service to ILM, Mr. Harrison retired as its Chairman of the Board of Directors. Throughout this time, he also served as an officer and director of NAMICO Insurance Co., Chairman of the Indiana Insurance Institute, Alliance of American Insurers, and NAMIC. His years of wisdom, leadership, and guidance is remembered by many former ILM employees today.

There were several significant changes to PLM’s Board of Directors in 2022 with the retirement of two longtime members, the appointment of a new member, and the passing of two former members of the PLM and the ILM Board of Directors.

In April of 2022, two of PLM’s longtime board members retired. Anthony J. DeCarlo, Sr. and George Hirschhorn served faithfully and with distinction on PLM’s Board of Directors for the past 12 and 16 years, respectively.



ANTHONY J. DECARLO, SR. served on several PLM board committees, including the Executive Committee and Audit Nominating Committee. As the former President and CEO of Lumbermens Merchandising Corporation (LMC), Mr. DeCarlo grew LMC from a company whose membership was specific to areas

east of the Mississippi River to the national organization it is today. His experience in the wood and lumber niche has provided valuable insight and has been vital in helping PLM identify unique market opportunities for growth.

Beyond his service to PLM, Mr. DeCarlo sits on the Board of St. Rita’s. He and his wife Ellen have been recognized for their work by the Augustinian Order through an affiliate designation from the Church. They have supported numerous charitable and civic organizations including the St. Thomas Church of Villanova and were founders of the Inter-Faith Hospitality Network of the Main Line.



GEORGE HIRSCHHORN served on PLM’s Audit Nominating Committee during his time on the Board of Directors. During his tenure, his experience and

guidance on simple to complex accounting, tax, and various business and audit items has helped PLM understand and navigate numerous financial and tax matters.

Mr. Hirschhorn is the founder of Hirschhorn & Associates which specializes in income tax, estate planning and administration, and other related financial advisory services. He has chaired various Pennsylvania Institute of Certified Public Accountant committees and speaks before many professional, civic, business, and educational groups on tax and financial service topics.

In addition to being a member of PLM’s Board of Directors, Mr. Hirschhorn sits on the board of the Pincus Family Foundation. Additionally, he supports numerous organizations such as the Children’s Hospital of Philadelphia, the Jewish Federation of Greater Philadelphia, Melrose B’nai Israel Emanu-El, and the Pennsylvania SPCA.

As PLM bade farewell to these two distinguished Board Members, we celebrated the addition of John T. Hill to PLM’s Board of Directors in January 2022. Mr. Hill serves as the President and CEO of Public Service Insurance Company in New York City. He also currently serves on the board of the National Association of Mutual Insurance Companies (NAMIC) and has previously served as Secretary Treasurer and Chairman for the organization. With nearly three decades of experience in insurance at the C-suite level, Mr. Hill offers a keen set of refined skills that will help to further PLM’s position as a leading insurer in the wood niche. 🙌

We are fortunate to see another solid year of financial success in the books to ensure a stable marketplace for all our stakeholders. While we are extremely proud of the hard work put in and the challenges we've overcome, we also expect that of ourselves. As we look forward, we focus on continuous advancement. We want to be a place that attracts the best of the best in insurance, that others rely on for quality products and services, and that our valued customers continue to trust and place their confidence in daily.

JOHN K. SMITH, CPCU
President & CEO



THE RINGS OF A TREE
SHOW ITS UNIQUE
GROWTH AND
HISTORY. LIKE A
FINGERPRINT, THESE
ELEMENTS MAKE IT
DISTINCT FROM
EVERY OTHER TREE



PENNSYLVANIA LUMBERMENS
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PHILADELPHIA, PA 19103-7008