



Broker BULLETIN

Pennsylvania Lumbermens Mutual Insurance Company

Nov/Dec 2006

COMMENTARY - A Look at the Year's End

John K. Smith, President & CEO

The year is coming to an end, and it appears that we will have another good one! We will achieve our combined ratio, underwriting profit and surplus goals, but our production goal seems to be in jeopardy. New business volume is strong. However, we are relying on large account business too heavily. We are looking for a strong finish in new accounts. Retention is on target but has slipped recently as the standard lines carriers wander into the wood niche. We suspect this has to do with companies looking to achieve their year-end production goals and writing some wood accounts to do so. We have seen this before and know that after their first claim they'll be wondering why (as will insureds) they have to deal with claims people that really do not understand the wood niche.

To a standard lines underwriter, rates in the wood niche look pretty good simply because many of them don't understand the exposure and the severity of losses the wood niche generates. If there is one thing I am sure of it is that they will learn!

I have just a few quick updates for you. Policy processing continues to improve. In fact, we are hearing great feedback with regards to the timeliness of New and Renewal Policy processing. Property endorsements are "current" and the backlog of casualty endorsements, while still high, is manageable and improving.



Quality remains a concern. If you are having a problem with policy processing and cannot seem to get it fixed, you can communicate this to Tom Supplee, our AVP of Operations and Customer Service. He will be pleased to give you a hand. Our Direct Bill system seems to be running very well with quite a bit of positive feedback from both Brokers and Insureds alike. We expect this to improve further as we continue to tighten up our policy processing.

On the claims side, we have enjoyed a very successful year. Our claims counts are down quite a bit and the feedback we have gotten from claimants regarding the process has been

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Wisconsin Retail Lumber Association Endorses PLM



The Wisconsin Retail Lumber Association (WRLA) has endorsed Pennsylvania Lumbermens Mutual Insurance Company as their Property and Casualty insurance carrier of choice. PLM is providing a Safety Group Dividend Plan available to members of the association.

WRLA is a trade association that has served the retail lumber industry in Wisconsin and the Upper Peninsula of Michigan since 1890. Its membership is comprised of firms engaged in the sale of lumber and other building materials. The objectives of the association include "representing members' interests in State and Federal government, providing educational and informational materials and programs to enhance members' business success and supply various products and services which are of value to the membership".

We are pleased that the WRLA has selected PLM as their endorsed P&C insurance carrier. Should you have a client that is a member of the WRLA and is interested in joining the safety group, please contact Susan Cho at 800.752.1895 x 634 or at scho@palumbermens.com.

PLM now offers eleven Safety Group Dividend Plans to various Trade Associations and Buying Cooperatives throughout the country. The purpose of these programs is to reduce overall insurance costs for its members, by way of dividends, through a conscientious program of loss prevention and reduction.

For a complete listing of all our plans, visit our website at www.palumbermens.com, go to "Industry Resources" and click on "Special Programs". There you will find information on each group with a link to their websites.

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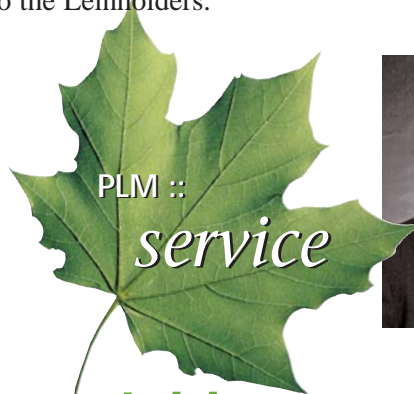
Direct Bill Policy Declaration Mailings Tom Supplee, AVP of Operations & Customer Service

With the change from Broker Bill to Direct Bill over the past year, PLM has received several requests of mailing the Insured their copies of the Policy. Under the current process, PLM forwards the policies to the Broker for distribution to their customers. PLM then mails installment payment coupons, premium invoices and auto I.D. cards directly to the insured. This has created some confusion on the behalf of our clients in matching invoices to new business, renewals and endorsements.

Effective March 1, 2007, PLM will be mailing the insured their copies of endorsements and renewals with their mail installment payment coupons, premium invoices and auto I.D. cards.

New Business, Renewals and Endorsements

- PLM will forward the Broker their copy of the policy and installment letter.
- PLM will mail the Insured's policy, installment payment coupons, premium invoices and auto I.D. cards directly to the insured.
- Mortgagee and Loss Payee copies will be mailed directly to the Leinholders.



To contact Tom Supplee you may reach him at:

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Endorsement Processing Improvements

PLM has made strides in improving our turnaround time on endorsements. Our records indicate that we are currently completing your endorsements within 30 business days of receipt.

If there are ANY endorsements over the 30 business days, please forward them to my attention to determine their disposition and resolve immediately. Please use my e-Fax number or my email below for fastest service. Also, please do not hesitate to call my cell phone at any time.

New Field Representatives in New Jersey and Michigan

We are pleased to announce the addition of a new Field Representative for New Jersey and New York. Glenn Bell has joined PLM as a Senior Field Representative covering the Northern portions of New Jersey and the New York, Rockland and Westchester counties of New York.

Glenn has over twenty-three years of experience in the insurance industry. He has worked with numerous agencies and companies from an Agency Management Specialist to a Marketing Representative position. His extensive background in both the agency and the company sides of the business will allow him to provide you with a high degree of service and familiarity of the types of issues and problems brokers face on a daily basis.



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Glenn earned his Bachelors Degree from Montclair State College in Upper Montclair, New Jersey. In addition, he holds the Chartered Property & Casualty Underwriter (CPCU) designation and the Associate in Risk Management (ARM) designation.

We would also like to introduce the addition of our new Field Representative for Michigan, Larry Woodward. Larry has an extensive insurance background spanning over thirty-one years. He was most recently the Michigan State Territory Manager for Merchants Insurance Group. In previous years, Larry has worked for such companies as Michigan Mutual Insurance, State Auto, and Aetna Insurance in their Commercial Lines departments. Larry is familiar with accounts large and small and is certain to be in tune with your needs.

Larry has a Bachelors Degree from Trevecca Nazarine University and holds the Chartered Property & Casualty Underwriter

The Hidden Hazards of Boom Trucks

Steven McNeill, Technical Service Representative



We recognize that the value you bring to your customers beyond the placement and delivery of a policy is what differentiates you from your competitors. One way that you demonstrate that value is by understanding your client's business and consulting with them on the risks inherent to their operations. By focusing strictly on the lumber and building materials industries we are able to identify and help determine ways to handle the evolving hazards and exposures of those businesses in the niche. Hopefully, communicating this information to you will assist in the acquisition and retention of clients. One growing issue is boom trucks.

Due to the growth and change of the building material and truss industry, competition is forcing those in the industry to increase their delivery exposure by delivering their products by boom trucks. Boom trucks can handle a large variety of materials including lumber, plywood, drywall, brick, block, trusses, and other general building materials.

Boom Trucks are typically a heavy truck with an attached, mechanical crane that is used to load and unload materials from the truck. The three types of boom trucks are articulating, telescopic, and lattice. The length of the boom can vary from as small as twenty-five feet to the larger heavy crane booms that are approximately one hundred and seventy feet.

The length of the boom tells the story of what and how materials are delivered. The average boom extends up to three stories of a building. This is considered a small to medium delivery system. The larger boom trucks are designed to reach as high as eight to ten stories. These lifting systems are used to set such items as drywall, door/window casings and trusses inside open areas on the building's jobsite.

Hazards increase when placing the delivered materials with a boom truck in certain specified areas of the jobsite. When lifting materials above the bed of the truck, several precautions must take place to perform a safe and successful lift.

The driver/operator should be qualified not only to drive the delivery vehicle, but to operate the boom crane. The driver/operator should always be aware of hazards when making a lift. The majority of accidents from booming material off the truck come from contact with electrical power lines. If a lift has to be made across or near power lines, the local power company should be called to de-energize the lines.

When making a lift with the boom crane, the delivery truck should be parked on level ground. Outriggers should be extended onto a firm base. The ground area around the lift should be restricted to ensure the safety of all persons onsite. This includes blocking off any open windows or doors near the lift.

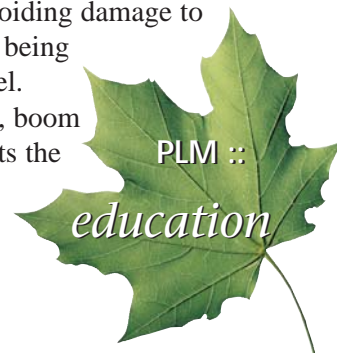
If the operator cannot see the load being set down, a signalman should be onsite as a guide. Another common mistake is overloading the boom truck. The operator should be qualified and competent in all aspects of the lifting system including control locations and functions, capacities, load charts and

related data. If the load is heavier than the boom can handle, the truck can tip over. To prevent a tip over, safety measures should be taken into consideration before performing the lift. The safe operations and maintenance of the boom trucks can be found in the OSHA Federal Register 1910.180 Boom Trucks.

To maneuver the boom truck safely and effectively, the operator is responsible for daily inspection of all components and hardware on the truck and crane. The operator should also have practical knowledge of rigging and rigging hardware and be able to assess loads and situations that might present a hazard.

Crane truck operators should have ongoing safety training to reduce the possibility of an accident. The boom truck manufacturer can provide your client with information on safety training courses.

With the hidden hazards controlled, safety can reduce operating costs of your customers by avoiding damage to the boom truck, property, product being delivered and most of all personnel. When safely used and maintained, boom trucks can be a useful tool that gets the job done. With a few safety measures and a lot of common sense, claims can be reduced tremendously.



Commentary: A Look at the Year's End

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excellent. Our western expansion continues with new field reps on the ground in Missouri and Illinois. We have also restaffed our Long Island territory and added a new rep in Maine who will be joining us soon. Our licenses have been approved in several new states and we have begun to file rates and forms in all of them.

So another year comes to a close. On behalf of the entire staff here in Philadelphia I would simply offer a thank you to those of you who have chosen to sell our products, services and protection. We very much appreciate it! ■



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Mutual Insurance Company**
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wood is all we do.

Pennsylvania Lumbermens Mutual Insurance Company specializes in Property and Casualty insurance services for the lumber, woodworking and building material industries.

New Field Representative in New Jersey and Michigan

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(CPCU) designation with an Associate in Commercial Underwriting (AU-65) designation.

If you have an account that Glenn or Larry can assist you with, please contact them today! ■



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Send all feedback to scho@palumbermens.com.

All of us at PLM wish you a happy, healthy and prosperous New Year!