



# BrokerBULLETIN

Pennsylvania Lumbermens Mutual Insurance Company

Sept/Oct 2006

## COMMENTARY - 2006 Third Quarter Update

John K. Smith, President & CEO

The year continues to unfold nicely for PLM with our growth running right around our target at 7%, and our combined ratio running under 100%. The investment markets have been kind to us so far this year with the result being that we should, for the first time in our 111 year history, exceed the \$100 million dollar surplus level. This is an accomplishment that we are truly excited about.

The hurricane season, which has been fairly calm so far this year, has been a pleasant surprise. We recognize that we still have quite a bit of time left before the season officially comes to a close, but nonetheless, we are pleased with how it has been progressing to date. I would like to express our appreciation to our brokers that have supported our efforts to implement a windstorm program that we feel is necessary to maintain our marketplace. I am proud of the fact that we have not needed to shed any business (as many others have) due to our windstorm exposures.

Our westward expansion continues with the hiring of two new Field Representatives in the Midwest. One is based in Illinois and will be covering the entire state, while the other is based

in Missouri and will be covering both Missouri and Kansas. In addition, we are continuing our search for two more in the area. This should give us better capability to service the brokers and insureds in those areas.



Our licensing process continues in the Southwest.

We recently have begun to file rates and forms in the state of Arizona. We have already been granted a license in that state and we are continuing to file licenses in the Northwestern states as quickly as possible.

From a policy processing standpoint, we continue to make progress on the renewal side and are aggressively attacking our endorsement backlog with renewed vigor. Our goal is to have this area cleaned up prior to the holidays this year.

So, business continues to be good for PLM and good for those brokers that place business with us. Thank you for your continuing business with PLM.

## PAL Members Earn Dividend for Third Consecutive Year



The Progressive Affiliated Lumbermen Cooperative (PAL) has completed its 2005-2006 plan year and we are pleased to report that the Board of Directors has approved a 7.5% dividend to all participating members of the PLM/PAL Safety Group Dividend Program. The plan year ended on March 31, 2006 and the group finished with an outstanding adjusted loss ratio of 13.23%. That entitled the fifty-nine participants to dividend checks.

The PLM/PAL program began in April of 2003. The group has earned dividends in all three plan years with pay-outs of 10%, 5% and 7.5% respectively.

PAL is a buying cooperative of independent lumber and building material retailers based in Grand Rapids, Michigan. They currently have members in over sixteen states, mainly in the Midwest. We are pleased to be PAL's endorsed Property/Casualty carrier for their insurance program to their membership.

PLM currently has eleven safety group dividend programs throughout the country. To find out more, simply visit our website at [www.palumbers.com](http://www.palumbers.com). Look under "Industry Resources". There under "Special Programs", you will find all of our current plans, along with links to the Associations' websites. Many of the associations will accept new members so it's worth checking it out.

If you have a client that may be eligible for this or any of PLM's Safety Group Programs, please contact Susan Cho at 800.752.1895 x634 or via e-mail at [scho@palumbers.com](mailto:scho@palumbers.com).

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# Hazards of Loading and Unloading Trucks

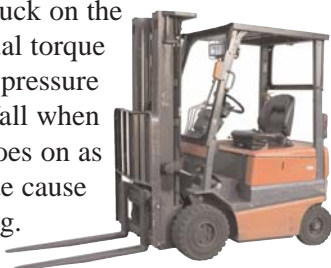
Joseph Ambrose, Assistant VP of Underwriting



At PLM, we have a monthly management meeting consisting of representatives from Underwriting, Marketing, Claims, and Technical Services to discuss the origin of losses and to better understand how we might prevent them in the future.

Recently we have found a growing number of losses associated with the loading and unloading of materials. There were numerous scenarios of these losses, but the common activity was movement of materials, either onto or off of trucks. There are many ways to load and unload such as by hand or hand truck, an attached mechanism like a boom truck or a detached mechanism such as a forklift or “Tag Along”.

Materials are loaded under controlled environments in the yard, but unloaded in tough and uneven conditions at the site of the job. These variables can act in concert to create a loss such as a forklift tipping forward and sending materials onto the truck and possibly the driver. A truck on the uneven surface of a job site has unusual torque on the truck bed that defeats the even pressure of the tie-downs, causing the load to fall when the tie-downs are released. The list goes on as to the specific cause, but the proximate cause is the activity of loading and unloading.



There are many materials available on safely loading and unloading. OSHA has numerous guidelines, but the common and sometimes fatal error in a simple procedure is either overlooked or forgotten. Additionally, the Federal Motor Carrier Safety Administration (FMCSA) has issued regulations dealing with protection against shifting and falling cargo in commercial vehicles. The rule was published in the 9/27/02 *Federal Register* and can be viewed by searching for docket number FMCSA-97-2289 at <http://dms.dot.gov/>.

Three general areas of change that could affect your PLM clients when transporting cargo are Securement Systems, Blocking and Bracing, and Front End Structures. PLM strongly suggests that all insureds secure a copy of this legislation to ascertain how these requirements may apply and to discuss their application with their PLM Technical Service Representative. Jointly, we can help to develop safe working procedures such as:

- Analyzing company injury data to determine where and how injuries are happening and target a safety program to address these problems.
- Establishing safe procedures for all types of loading and unloading. For example: “*All personnel on foot must be clear of the loading zone during all mechanized loading or unloading operations.*”
- Training all workers involved in the operations or in the area of loading and unloading. Those operating mechanized equipment should be thoroughly trained and certified in the equipment’s operation. Refresher training or periodic “toolbox” talks or information sheets can help provide reinforcement.

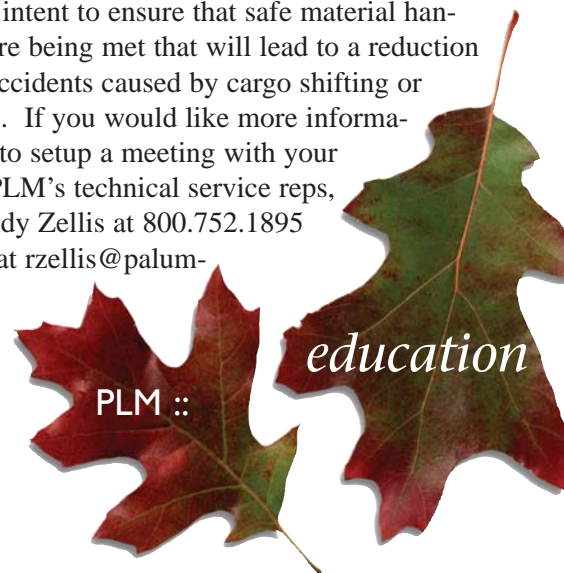
- Supervising workers and providing feedback for proper and improper procedures.
- Maintaining vehicles and equipment in safe operating condition. Failure of straps or anything securing a load can result in an incident. Communication from maintenance to management should occur regularly.
- Conducting regular safety meetings.
- Addressing indifferent attitudes or hasty work habits that may lead to unsafe conditions for people around the trucks.

There are many other elements in this matter to consider, but predominantly it is the liability after a loss occurs. If during the unloading of a truck at a jobsite, your client’s driver is at fault for physical damage to another’s vehicle, is there coverage? If a customer sends a truck over to your client’s yard to be loaded and their driver falls off the bed of their truck during the loading, what coverage will respond? There is some gray area between the General Liability coverage and the Automobile Liability coverage that it is sometimes advisable to have both coverages with the same insurance carrier.

Additionally, there are many resources online that provide further information on loading and unloading safety. Some sites to note are [www.LNI.wa.gov/Safety/Keepsafe](http://www.LNI.wa.gov/Safety/Keepsafe) and [www.osha.gov](http://www.osha.gov) (e-tool and lumber handling vehicles).

It is our collective intent to ensure that safe material handling procedures are being met that will lead to a reduction in the number of accidents caused by cargo shifting or falling from trucks. If you would like more information or would like to setup a meeting with your client and one of PLM’s technical service reps, please contact Randy Zellis at 800.752.1895 x638 or via email at [rzellis@palumbemens.com](mailto:rzellis@palumbemens.com).

Randy Zellis and Dawn Pontz contributed materials for this article.



## Carving Out a Wood Niche for Your New Producers

Steve Firko, Assistant VP of Field Operations



PLM maintains a sales force consisting of company Field Representatives, each with their own individual marketing territory. Our Representatives will assist you in bringing our many years of experience and expertise to your clients.

Many of your clients will already know the PLM name, through our involvement with the lumber and woodworking industry. We currently have eleven endorsed programs with various lumber trade associations and buying cooperatives. We sponsor their activities and attend their conventions and meetings.

Our brokers are our marketing partners and we will work with you to provide service to your existing clients, as well as prospect with you, to write new lumber and woodworking business within your agency. If you and your agency are looking for increased revenue and customer base, you may want to consider "niche" marketing with a PLM Field Representative.

We invite you to use our Field Reps as an extension of your marketing efforts in targeting wood-related accounts. Add a



specialty niche to your agency that will add revenue to your bottom line. One of the most difficult things for most new producers hired by an agency is to be disciplined and identify and target a niche that will develop new sources of business. Usually, due to pressures to produce revenue fast and be validated within the agency, new producers tend to take a shotgun approach to any type of account that walks through the door and never really develop an in-depth understanding of specific industries that will allow them to become an expert and stand apart from other agencies and/or producers in the eyes of the buyer.

Let our Field Reps guide your new producers looking to develop a niche. By tapping our Field Reps' knowledge and expertise, they can develop and establish a new niche within your agency, learn about the niche from an expert, and sell more business. Your new producers will also have the benefit of teaming up with an "A rated" specialty company that has valuable brand recognition in the wood niche and will also have the benefit of a dedicated PLM Field Rep who wants to write the account.

What can you expect from our Field Reps? Our Field Reps visit each prospective account that is submitted to PLM by an agent or broker before they commit to providing a quote.

*Continued on page 4...*

## New Regional Manager Joins PLM

We are very pleased to announce that W. Craig Myers has joined Pennsylvania Lumbermens Mutual as a Regional Manager of Field Operations. This is a newly created position, responsible for managing the Field Representatives in the New England and Middle Atlantic states, as well as a portion of the Midwest.



Craig has many years of commercial lines underwriting, marketing and management experience on both the company and agency sides of the business. He has held Vice President and Regional Vice President positions with major P&C insurance carriers managing full service branch operations. On the agency side, Craig was Director of Marketing, responsible for the marketing and placement of commercial lines business with appointed carriers and wholesale markets.

Craig earned a BS in Business Administration from West Virginia Wesleyan College and holds the Chartered Property Casualty Underwriting (CPCU) designation.

In his new position, Craig will be responsible for reinforcing and driving our new sales process within his region to achieve the company's objectives in both the area of profitability, as well as growth. He will be based out of the Home office in Philadelphia, with his role being to coach and develop the Field Reps in his territory. He will spend a large portion of his time traveling with them and calling on various customers and brokers within his territory. He will also be attending numerous insurance industry trade shows. We anticipate that many of you will be seeing Craig in the near future.

PLM is delighted to have someone with Craig's knowledge and experience in this new Regional Manager role. If you would like to contact Craig, you may call him at 215.625.9233 x200 or via email at [cmyers@palumbermens.com](mailto:cmyers@palumbermens.com).



**Pennsylvania Lumbermens  
Mutual Insurance Company**  
170 South Independence Mall West  
Philadelphia, PA 19106

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U.S. POSTAGE  
**PAID**  
PHILA., PA  
PERMIT NO. 1779

*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.*

## **Carving Out a Wood Niche for Your New Producers** ...continued from page 3

They do this primarily for two reasons:

- First, as production underwriters with underwriting authority, our PLM Field Reps survey the account and qualify it from an underwriting perspective. By visiting each prospective account before they decide to quote, our Field Reps identify specific hazards and exposures related to wood accounts and can make better and more informed decisions about coverage needs, as well as how to rate and price the account.
- Second, while they are out visiting the account, our PLM Field Reps also take the time to talk to the decision makers of prospective accounts to understand how the buying decision will be made, what is important to the customer, and to help uncover or refine specific issues or needs that will help in developing an insurance program with the agent and broker that will fit the customer's needs. We strongly believe that developing a relationship with the broker and the prospective customer at the beginning of the process is critical in developing a quote and greatly enhances our chance of winning the account.



Another service we provide to our broker partners is to accompany them on the proposal presentation. We are there to support you at the presentation and field any questions that may come up or provide additional "wood niche expertise" that may assist you in securing the account.

So if you have some new producers or a sales center to focus on the wood niche, give me a call. We'll put you in touch with our Field Rep in your marketing territory. I can be reached at 215.625.9233 x540 or via email at [sfirko@palumbermens.com](mailto:sfirko@palumbermens.com). ■



### **BrokerBULLETIN**

President & CEO John K. Smith

VP of Marketing Gerald J. Healy, Jr.

Marketing Specialist Susan S. Cho

The Curtis Center  
170 S. Independence Mall West  
Philadelphia, PA 19106  
PH: 215.625.9233  
FX: 215.625.9097  
Toll-Free: 800.752.1895  
[www.palumbermens.com](http://www.palumbermens.com)

PLM BrokerBulletin is published and distributed free of charge by the Marketing Department of Pennsylvania Lumbermens Mutual Insurance Company.

Send all feedback to [scho@palumbermens.com](mailto:scho@palumbermens.com).