



Broker **BULLETIN**

Pennsylvania Lumbermens Mutual Insurance Company

Summer 2008

COMMENTARY: *Placing Your Wood Business*

John K. Smith, President & CEO

Almost 500 lumber businesses chose to place their faith and confidence in PLM during the past two quarters and moved their property and casualty insurance to PLM from other carriers. We very much appreciate the brokers that provided us the opportunity to secure what at this time is a recording breaking number of new clients during the first six months of 2008.

Our new business submission activity is up 30% during the last six months with half of that increase coming from the far west where we have added our fourth field rep (Lou Ann Fricano, 800.752.1895 x9408, lannfricano@plmins.com) in Las Vegas last spring. Our hit ratio based on quoted business stands at 45 percent which is somewhat lower than our past track record, but still well above industry norms.

“You can place your wood account with PLM and be assured that we will be there when they and you need us.”

Eighty nine percent of our clients chose to renew their coverage with PLM during the last two quarters; again, well above industry averages. Whether it was a \$1500 woodworker operating a one man shop or a million dollar wood manufacturing

operation, we at PLM continue to provide our insureds great value for their hard-earned premium dollars. We are retaining more clients on a year over year basis, and we have innovative programs to assist you in locking up insured’s renewals [including dividend programs, two year policies (in non cat areas), world class claims service, underwriters who listen and are looking for ways to write business, as well as technical service and field representatives that can provide a host of specialized loss control programs]. My simple question to you is: why would you risk putting your wood business with another carrier?



Over ninety nine percent of our insureds have a broker representing their interest to PLM. However, if you looked at our marketing organization, you probably easily recognize that over the past two years we have in fact built a dynamic marketing operation that is managing a lead database of almost 20,000 prospective insureds. Every day of every week, week in and week out, we mail directly to to a group of these prospects a piece of information and every day of every week, week in and week out we are mailing second and third pieces of contact information to those prospects. Every day of every week, we are making direct phone calls to prospects, all with the intent of

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Dividends Paid!

Pennsylvania Lumbermens Mutual Insurance Company is pleased to announce that five of our Safety Group Dividend Plans have received dividends. The following plans are:

INDEPENDENT BUILDERS SUPPLY ASSOCIATION (IBSA)

Independent Builders Supply Association



For the second consecutive year since the inception of the plan, the PLM Board of Directors has approved a dividend to all participating members of the PLM/IBSA Safety Group Dividend Plan. The plan year ran from January 1, 2007 through

December 31, 2007. The group finished the year with a 30.37% loss ratio. This entitled all participants to receive a dividend check totaling 5% of their earned premium for the year.

Dividend checks were mailed out to all participating members at the end of June.

The Independent Builders Supply Association (IBSA) is a member owned buying organization based in Smithfield, NC. Their members are lumber dealers located in Southeastern United States. PLM has been endorsed by IBSA as the Property & Casualty Underwriter for their membership.

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Dividends Paid!

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LUMBERMENS MERCHANDISING CORPORATION (LMC)



LMC members enrolled in the PLM/LMC Safety Group Dividend Plan have earned a 2.5% dividend for the plan year January 1, 2007 through December 31, 2007. The group finished the year with a 45.43% loss ratio. This entitled the plan participants to a 2.5% dividend check mailed in June.

LMC is a buying cooperative based in Wayne, PA. PLM has been providing a safety group dividend plan to their membership since 2000.

NORTH AMERICAN WHOLESALE LUMBER ASSOCIATION (NAWLA)



The PLM Board of Directors approved a 2.5% dividend for all plan participants in the PLM/NAWLA Safety Group Dividend Plan. The program ended the plan year with a 47% loss ratio. That entitled the participants to a 2.5% dividend based on their earned premium for the year. Dividend checks were mailed out to all participating members at the end of June.

PLM was designated NAWLA's "Approved and Recommended" Property/Casualty Underwriter for their membership and we have provided a safety group dividend plan since 2000. NAWLA is an international trade association for forest and building products industry wholesalers and manufacturers.

ENAP, INC.



Also in June, the PLM Board of Directors approved a 5% dividend for all plan participants in the PLM/ENAP Safety Group Dividend Plan. The group ended the plan year, which ran January 1, 2007 to December 31, 2007, with a 22.84% loss ratio. Members of the Safety Group Dividend Plan received dividend checks totaling 5% of their earned premium.

PLM was endorsed by ENAP in 2000 as the sole Property & Casualty Underwriter for their membership. ENAP is a buying group based in New Windsor, NY and composed of independent retail lumber dealers located along the East Coast, as far west as Michigan.

NORTH CAROLINA FORESTRY ASSOCIATION (NCFA)



The NCFA has completed its 2007-2008 plan year and we are pleased to report that the PLM Board of Directors has approved a 7.5% dividend to all

participating members of the PLM/NCFA Safety Group Dividend Plan. The plan year ended on February 1, 2008 and the group finished with an adjusted loss ratio of 19.61%. That entitled the participants to dividend checks which were mailed out the end of July this year.

PLM has been the endorsed Property/Casualty Underwriter for the North Carolina Forestry Association since 1988. The plan is open to manufacturing members of this forestry association. This is one of PLM's oldest and most successful programs.

PLM currently has twelve safety group dividend programs throughout the country. To find out more, simply visit our website at www.plmins.com. Look under "Industry Resources". There under "Special Programs", you will find all of our current plans, along with links to the Associations' websites and copies of their dividend brochures.

If you have a client that may be eligible for any of PLM's Safety Group Programs, please contact Susan Cho at 267.825.9350 or via email at scho@plmins.com for more information. ■

Are your customers members of any of these associations? Don't let them miss out on any potential dividends!

- Allied Building Stores, Inc. (ABS)
- Eastern Building Material Dealers Association (EBMDA)
- ENAP, Inc.
- Independent Builders Supply Association (IBSA)
- Kentucky Building Materials Association (KBMA)
- Lumbermens Merchandising Corporation (LMC)
- New Jersey Building Materials Dealers Association (NJBMDA)
- North American Wholesale Lumber Association (NAWLA)
- North Carolina Forestry Association (NCFA)
- Oklahoma Lumbermen's Association (OLA)
- Progressive Affiliated Lumber Cooperative (PAL)
- Wisconsin Retail Lumber Association (WRLA)

The PLM Difference

Steve Firko, Vice President - Field Operations



Before you begin working on your client's lumber, woodworking or building supply insurance program, here are some questions to ask yourself as their insurance advisor...

Should I recommend an insurance company who knows what my client does, how it operates, and has over 100 years of experience providing specialized insurance coverage for thousands of similar types of businesses? Or, should I recommend an insurance company that insures various types of businesses and doesn't have the expertise or breadth of knowledge and experience that comes with over 100 years of service in the lumber, woodworking and building supply industry?

If my client had a claim, would I want them to deal with an insurance company who knows my client's business and has experience in handling thousands of similar types of claims? Or, would I rather have them deal with a claim adjuster who doesn't know what my client does and hasn't seen the types of claims my client might be involved in? What would their claim service be like? In the event of a catastrophic loss, would they be able to find ways to get my client back in business sooner so they can keep their customers from finding other suppliers? Would that insurance company continue to insure my client after a loss or send a non-renewal notice? How would that reflect on me?

Of course, when questions are posed this way, the answers are easy. However, when it comes time to evaluate proposals from various carriers, it is easy to fall into the trap of looking only at

the bottom line cost of an insurance program and not at the value.

Insurance isn't a commodity; it can be the life blood for your client's business when a catastrophe occurs. It may sound dramatic, but just ask any of your customers who have faced a major loss -- when a catastrophic loss occurs, it can be devastating. Their business isn't a commodity and neither is the service you provide them or the insurance program you recommend they buy.

We operate differently at PLM. We have experienced, local Field Representatives who work together with you to review your client's business operations so they get a clear understanding of the risks and exposures they face, and then help you develop an insurance program that is tailored for their business. Our Field Representatives visit your client's site, talk to them, and carefully evaluate their operations. Our Field Representatives not only know insurance, they know the lumber, woodworking, and building supply industry. Wood risks are the only types of businesses our Field Representatives see day in and day out. Can the same be said of other insurance companies? Would this type of expertise help you develop an insurance program that is a better fit for your client's business? Do you think your client would be more comfortable knowing you recommended a specialist in the wood niche to protect their business? Again, I think the answers are easy...

That is the PLM difference. Give us a call and let us show you the difference.



PLM's Service Standards

PLM's focus has been on improving our service standards to our brokers and to our customers. Whether it is in our new business procedures or in our claims service, we are committed to providing superior service in a professional and fair manner.

Below are some comments we have received recently in regards to our service. We are always happy to hear from our brokers and customers on our performance. Please feel free to send any feedback to info@plmins.com.

It is unbelievable! I must say, that the service received on this entire process with Pennsylvania Lumbermens has been of the highest quality of any carrier I am currently dealing with. I will definitely keep PLM in the front of my mind for the next risk that crosses my desk!

Julia Hart
Director of Business Development
Neefus-Stype Agency, Inc.

I have had many years experience in dealing with various insurance carriers during my working career and with various claims representatives. My opinion is that PLM is the best insurance company I have ever dealt with and Ray Rogers is the best claims representative I have ever encountered. He takes more interest in processing claims efficiently and fairly and does a wonderful job of keeping our company informed in the process of settling the claims. You can just tell that he takes things to heart when he is working on them and he has been very effective for us in discovering situations where money could be saved in repairing vehicles when compared to the estimates received from repair shops. I look forward to many more years of business with PLM and your employees. The quality of your personnel really makes the company a superior company.

Ray T. Blout, Past CFO - Treasurer of VNS Corp.



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wood is all we do.

COMMENTARY: *Placing Your Wood Business ...continued from page 1*

setting up appointments for our field reps to visit with them **and to create an environment where we can work with a local broker** to secure a new piece of wood business. This year we will attend over 100 trade shows, better than 70 of them wood-related shows for the sole purpose of meeting and greeting current clients and prospective insureds. We will support many of these associations and buying groups with advertising dollars, sponsorships and in fourteen cases, have been endorsed by the buying group or association as the property casualty carrier of choice for their members. Four times a year we will send out approximately 25,000 *LumberMemos* in an effort to communicate and touch our insureds and prospective insureds. We will spend significantly more advertising dollars to advertise in a host of wood journals and periodicals as well as a number of agent and broker periodicals. This is all for the sole purpose of improving brand awareness and to help us improve our new business hit and renewal retention ratios.

Today we have a record 25 field reps and 14 technical service reps in the field servicing our insureds, pursuing prospects, and working with their brokers, brokers that understand the value we bring as the carrier of choice for wood-related businesses.

So the question is, why would you place your wood business with another carrier? Why wouldn't you decide to join the growing number of brokers and producers who are focusing their productive capability on a niche that few have gone after? You have a carrier that is willing to write your wood business not only today but renew it tomorrow, next year, the year after and onward into the future. That is because "wood is all that we do". You can place your wood account with PLM and be assured that we will be there when they and you need us. If you have thoughts or comments you would like to share with me, please don't hesitate to email me at jsmith@plmins.com. ■

BrokerBULLETIN

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Send all feedback to scho@plmins.com.