



Summer 2006

Pennsylvania Lumbermen's Mutual Insurance Company

Lumbermen

Commentary: Hurricane Preparation

John K. Smith, President & CEO

With the summer comes the Hurricane Season. Having experienced seven major hurricanes over the past two years, we are getting pretty adept at handling the losses associated with them. We are geared up and ready to go should a storm blow in. With that said, I would like to call your attention to a recent mailing by our Assistant Vice President of Technical Services, Randy Zellis. All of our current clients were provided with a copy of the "Institute for Business and Home Safety's Disaster Planning Toolkit". This is a do-it-yourself workbook approach to building a disaster recovery plan for your business.



While PLM's Technical Services Department is more than willing to work closely with you in developing disaster recovery programs for events that may occur from a property/casualty insurance viewpoint, this manual can help you do that and much more. Disaster can strike from a variety of angles and the IBHS toolkit can assist you in identifying potential threats.

Why not take a moment and review this tool? Then take some time with your team and build yourself a plan. It will be time very well spent.



Some other notes of interest include our continued westward expansion. PLM is actively seeking to put three new field people on the ground in the Midwest. Further, we have made offers to provide three Midwestern organizations with Safety Group Dividend Plans either at this time or in the near future. We were pleased to announce that our New Jersey Lumber Dealers Association (NJLDA) Safety Group Dividend Plan had earned a dividend which we recently paid. We continue to pursue our licenses to operate in five Southwestern states, and have decided to go forward by year's end with licensing efforts in the Pacific Northwest. So, it's a busy time here in Philadelphia.

Service-wise, we continue to receive many compliments about our Loss Control and Claim

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NJLDA Earns Dividend for the Second Consecutive Year



We are pleased to announce for the second consecutive year that members of the New Jersey Lumber Dealers Association have received a dividend based on their earned premium for the plan year 10/1/04 through 9/30/05. The PLM Board of Directors approved a 7.5% dividend payment to all program participants based on their earned premium for the year.

The PLM/NJLDA Safety Group Dividend Plan ended the plan year with a 12.37% loss ratio. With a loss ratio in this range, the participants were entitled to a check equaling 7.5% of their earned premium for the year October 1, 2004 through September 30, 2005.

The New Jersey Lumber Dealers Association was established in 1884 and is a New Jersey trade association representing the retail building material industry. Its purposes are to promote the industry, exchange information, monitor and interpret legislation and to broaden public understanding of the function of retail building material distributors in the marketplace.

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

If you would like more information on any of PLM's Safety Group Programs, please contact Ellen McGurrin at 800.752.1895 x680 or via e-mail at emcgurrin@palumbermens.com.

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Oklahoma Lumbermen's Endorses PLM

The Oklahoma Lumbermen's Association has endorsed Pennsylvania Lumbermens Mutual Insurance Company as their Property and Casualty insurance carrier of choice. PLM will be providing a Safety Group Dividend Plan available to members of the association. The purpose of the plan is to reduce overall insurance costs of the group, by way of a dividend, through a conscientious program of loss prevention and reduction.



The OLA was founded in 1947 and it has dedicated itself to the advancement of the lumber products industry. It is a trade association representing retail lumberyards, building material dealers and home centers within the state of Oklahoma. The OLA is "a voice for Oklahoma's lumber industry". Some of the objectives of the association are to "speak with a single, strong resolute voice to all levels of our government" and to "promote the sales and expanded use of the industry's products and services".

Some of the features of the Safety Group Dividend Plan include:

We are pleased that the OLA has selected PLM as their endorsed underwriter for this program. If you are a member of the OLA, or if you are interested in joining the association to qualify for the safety group plan, please contact Ellen McGurrin at 800.752.1895 x680 or via email at emcgurrin@palumbermens.com.

- Coverages placed in the safety group plan will be Property, General Liability and Business Automobile written through PLM.
- The plan year runs from January 1st through December 31st, but you may join at any time during the plan year and any earned premium for the period is eligible for the dividend calculation.
- PLM works on an open brokerage basis - that means we will quote your account through the broker of your choice.
- PLM is an insurance company that has focused on the lumber industry for over 100 years. We understand your business insurance needs.
- PLM will always be there for your business - "Wood is all we do!"
- PLM is rated "A Excellent" by A.M. Best & Co.

Two Longtime Board Members Retire

Two of PLM's longest tenured Board of Directors, J. Robert Herd and Walter R. Milbourne, Esq. recently retired from the PLM Board of Directors after 28 and 34 years of service, respectively.



J. Robert Herd was in his 28th year as a Board of Director for PLM. He served as a member of PLM's Executive and Audit/Nominating Committees. He recently retired from Zalesne & Herd Realtors, a prominent Philadelphia firm he co-founded in 1972. Bob's clientele included lumber dealers, PECO Energy, AAA,

Scott Paper, banks, law firms, and various foundations. He is the Past President of the Industrial Realtors Association.

Bob graduated from Amherst College in 1955. Prior to entering real estate, he flew fighter jets for the US Air Force. Bob is a strong financial and personal supporter of the Wetlands Institute. Bob and his wife, Sally, reside in Radnor, Pennsylvania and are part-time residents of Amelia Island, Florida. They have three children.

All of us at PLM wish Bob and Walter a long, happy and healthy retirement.

Walter R. Milbourne, our longest tenured board member, has been on PLM's Board of Directors since 1972. Walter was the Chairman of PLM's Audit/Nominating Committee, as well as a member of the Executive Committee.



Walter graduated from Princeton University in 1955 and went on to obtain his law degree from Harvard Law School. He was a partner, and is now *of counsel* with Saul Ewing, L.L.P. in Philadelphia. His chosen specialty was as defense counsel for insurance cases. He is a member of the American, Pennsylvania and Philadelphia Bar Associations, as well as a Fellow of the American College of Trial Lawyers. Walter resides in Strafford, Pennsylvania with his wife, Sue. They have three children.

On April 24th, PLM held a dinner to pay tribute to their dedication and numerous contributions. They were honored for their many years of service to the company, our employees and most importantly, our policyholders. They helped to guide us through some difficult times and have led us into the best of times.

There are Contracts and There are Contracts

Part III

Joseph McCrea, Sr. Vice President of Claims



This is the third installment in our series on contracts and dispute resolutions. We have previously discussed the use of mediation in resolving disputes arising from differences as outlined in your contracts. It is very important to remember that the way you resolve differences greatly

affects your business relationships with customers.

Studies show that disputes settled without litigation result in a healthy continuing relationship 80% of the time. Contrary, if suit is filed they fail 70% of the time.



One of the most important methods of dispute resolution is arbitration. Your contracts should clearly state that the parties agreed to arbitrate should a dispute arise that cannot be easily solved by discussion and/or mediation. Arbitration is a process where one

or three neutral arbitrators are selected to decide a remedy to the problem. This decision can be mandatory and is as binding as a trial. Generally, no appeal is available. This saves time and extensive costs. Normally, both parties submit their case to the arbitrators who then make a decision in a short period of time, usually a couple of days.

Therefore, it is important to set up this process in the contract to avoid needless litigation. Outline how the arbitrator(s) are selected. It is best if they know the business you are working on in the contract. After each side selects an arbitrator, the two already selected will choose the third arbitrator as an “umpire”, as he is often called.

Outlining the method to resolve disputes is just as important as the contract itself and keeps business partners together in most cases. Problems arise and are often unforeseeable, but you can be prepared by planning ahead.

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, hand truck, 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 PLM customers 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 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.



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*Pennsylvania Lumbermens Mutual Insurance Company specializes in Property and Casualty insurance services for the lumber, woodworking and building material industries.
Wood is all we do!*

Hazards of Loading and Unloading Trucks

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- 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 client's jobsite your driver is at fault for physical damage to another's vehicle, is there coverage? If a client sends a truck to your 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. It is sometimes advisable to have both coverages with the same insurance carrier. Your PLM Field Representative or broker is a good resource to clarify coverage questions.

Additionally, there are many resources online to provide further information on loading and unloading safety. Some sites to note are www.LNI.wa.gov/Safety/Keepsafe and 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. ■

Randy Zellis and Dawn Pontz contributed materials for this article.

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service. We are also pleased with the progress we are making in the policy processing area. New business policies are routinely being sent out within 21 days of binding coverage and in many cases much quicker than that. Renewals for the most part are being sent well before expiration if we are given the go ahead to issue the renewal by your broker. Many of our insureds are now seeing their renewal policy 30 days prior to expiration. We are working diligently to improve our endorsement processing.

As always, we thank you for your continued business and if any of us can be of assistance, please do not hesitate to contact us. ■

LumberMEMO

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