



# PULSE

May - June 2005 Vol. 35, Issue 6

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## From the President

In December, your Board of Directors adopted a new strategic plan for PAMIC. The fruit of intense labor by the Long Range Planning Committee, it distilled the results of meetings of committee members as well as of facilitated member forums. The forums exhaustively examined the strengths and weaknesses of PAMIC as an association, and also identified the threats to and opportunities for PAMIC presented by the changing external environment.

First, PAMIC will generate a 5% excess of revenue over expenses by providing legislative, educational and informational services to the insurance industry. And second, PAMIC will develop, deploy and structure its organizational processes in order to provide its members with both measurable and intangible value.

In March in State College and again in May at Allentown, the entire PAMIC regular membership was invited (indeed, urged) to attend presentations of the strategic plan and the reasons for its adoption. As this is being written the Allentown meeting has not been held. But, judging from the conversations at the State College meeting, expansion of voting membership to include stock companies appears to be the plan recommendation exciting the most interest. And rightfully so. PAMIC has a proud heritage of mutuality going back almost a century. Those values must be preserved. At the same time, the strategic planning analysis determined that the number of mutual companies, and hence the membership basis as presently constituted, will continue to decline.

Chairman Shaw addressed this issue quite forcefully in the last Pulse and I strongly agree with that message. Turning down otherwise like-minded companies because of their form of organization is a luxury we can ill afford.



But even though the issue is important, the level of attention it is getting may cause the rest of the plan to be underestimated. The plan is an integrated strategy and no one component of it, standing alone, is a "silver bullet." Its time to look at some of the other things PAMIC is doing to fulfill the board's strategy.

- PAMIC is revamping its educational program, most noticeably by its 3-day schools launched in May.
- PAMIC is benchmarking itself against other not for profit associations, using sector-wide data supplied by the American Society of Association Executives (yes, there is a trade association of trade association executives).
- PAMIC has developed and distributed to the membership a cost of compliance survey instrument that will help quantify the actual industry cost of regulation and at the same time help quantify PAMIC's value to the membership.
- PAMIC is exploring other, more sophisticated econometric models to sharpen and refine the accuracy of costs of regulation.
- PAMIC continues to seek out opportunities for non-dues revenue.
- PAMIC continues to refine its

*(continued on page 4)*



**“You have within your grasp the capability of developing greatness.”**

**Randy F. Shaw  
President and CEO  
Everett Cash Mutual Insurance  
Company  
2004-05 PAMIC Chairman**

## What Kind of Fish Are You?

In my travels across the rural areas of Pennsylvania, I came upon a sign posted in the front of a little white church that said “It Takes a Strong Fish To Swim Against The Flow” I pondered this statement for a while, thinking “what kind of fish am I? Am I the great white shark, feared by all others for my size and predatory nature? Or am I a minnow, unable to get out of the bucket much less swim upstream?”

So how about you, or to put it in the PAMIC context, what kind of fish is your company? In the current state of the industry, a bigger company is not an objective, as is evidenced by the attacks that appear every day in the media. Nor did the slogan say “It takes a bigger fish...” What is important is available to each of us, every single day. You have within your grasp the capability of developing greatness. The challenge though, is the fact that life, our society, the media, and even our friends tell us “don’t go against the flow”, “you can’t fight city hall”, and all the other falsehoods that promote mediocrity. That, my friends, is how the river is flowing.

To go against the flow does take strength. You cannot swim upstream by saying you are going to, it requires action. Developing your strength as a regional insurance company requires a determination on the part of your organization to examine what mission truly sets your company apart from anyone else, then focus your collective efforts on making that item the primary use of your time. The mission needs to be one that has a potential for financial return, as that drives the ability for you to perpetuate your mission. It is also as much figuring out what you won’t do, as it is figuring out what you will.

Our challenge then is to develop our strength as insurance organizations and determine if we have the desire/passion to “swim against the flow”. Or are we content with being mediocre, going with the general downward flow? My hope is that you (1) desire to be strong, and (2) have a passion and persistence to execute on that strength. If you are the shark, feared and admired by all for your strength, keep at it. If you are the minnow, and you are still in the bucket, just remember: it’s not the size of the fish in the fight that matters, it’s the size of the fight in the fish. Jump out of the bucket...

## 2005 PAMIC Convention

PAMIC recognizes the following sponsors. The 2005 Convention would not be possible without their generous donations!

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More sponsorship opportunities exist. Contact Marri Lamoureux at 717-303-0197 or go to [www.pamic.org/Convention/2005ConventionHome.htm](http://www.pamic.org/Convention/2005ConventionHome.htm)

## REGISTER BY JUNE 3 FOR THE PAMIC CONVENTION IN PITTSBURGH! JUNE 19—22, 2005

Visit [www.pamic.org](http://www.pamic.org) for more information and to register online

## 2005—2006 Calendar of Events

The new fiscal year is fast approaching and this means that you can expect a fresh crop of educational offerings.

Here's a preview:

### Executive Seminar & Golf Outing

September 15, 2005  
West Shore Country Club,  
Camp Hill, PA

### Financial Management Seminar

October 6, 2005  
Holiday Inn, Grantville, PA

### Mid-Atlantic Underwriting School INS 22: Personal Insurance

October 12—14, 2005  
Location to be announced

### Underwriting & Loss Prevention Seminar

November 8, 2005  
Holiday Inn, Grantville, PA

### Legislative Day

February 6 & 7, 2006  
Harrisburg, PA

### Small Company Seminar

March 8 & 9, 2006  
State College, PA

### Claims Seminar

April 4 & 5, 2006  
Holiday Inn East, Harrisburg, PA

More information about each event will be made available closer to the date of the event. Dates and locations are subject to change.

## Underwriting School A Success

On May 11 - 13, 2005, PAMIC held the first course for its Mid-Atlantic Underwriting School. The 3-day course, INS21, Property and Liability Principles, was held at the Duquesne University Capital Region Campus in Wormleysburg, PA. 24 students were in attendance.

This course is the first in a series of 4 that PAMIC will offer over the next year. Upon completion of the series and the corresponding IIA (Insurance Institute of America) exam for each course, students will earn the Institute's Associate in Personal Insurance Designation.

In October, the PAMIC Mid-Atlantic Underwriting School will offer INS22, Personal Insurance: Underwriting & Marketing Practices. INS 21 will also be held again during the 2005—2006 fiscal year. Dates and details to be announced.

Interested in having an announcement or article about your company in a future edition of the PULSE Newsletter?

Please send all items to:

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*Please note that via email is the preferred way to receive items.*

**July 15, 2005 is the deadline for items to be included in the July/August newsletter.**

## You Lost What!?

By Steven M. Horner

Isn't it interesting that if a supervisor or manager in an organization damages company equipment or misplaces it, they are required to fill out an Incident Report. The report will ask a series of questions such as:

- When did you last see the item?
- What do you think happened to it?
- Did anyone else witness the event?
- Could the incident have been prevented?
- What are the estimated damages?

But what happens when a supervisor or manager loses an employee? Wouldn't we want to know why the employee is leaving and what knowledge and expertise we're losing? I suggest that organizations that really value their employees should require a Lost Employee Report.

Some of the questions that should be asked are:

- When did you see the employee last? (many employees complain of having little or no contact with their immediate supervisor)
- What do you think happened to the employee? (most supervisors have no clue as to the real reason why an employee is leaving)
- Did the employee's peers know they wanted to leave? (sometimes supervisors don't know what's going on in their own department)
- Were there any signs you missed? (if an employee is unhappy, it's not difficult to pick up on it)
- What will it cost you when this employee leaves? (lost customers, overtime for other employees, low morale due to increased workload, missed deadlines)
- What knowledge and experience did they have? (the impact of lost experience and knowledge is often incalculable)
- Is this the first employee or one of many lost? (be honest with yourself, did you contribute to the employee's decision to leave?)
- What type of performer did you lose? (losing a marginal performer is good, losing a star performer is not)
- Was there another opportunity in the organization? (often times employees will consider staying for another opportunity in the organization)

Most organizations claim that their most important asset is their people. If that's true, then most need to do a better job of understanding why their people leave and holding the supervisor accountable for the loss. It's interesting that most companies have formal recruiting programs in place but few have formal retention programs in place.

*Steven M. Horner, principal, Horner and Associates, LLC, has over 25 years experience in all aspects of organizational effectiveness including executive coaching, team building, conflict resolution, succession planning, mentoring, employee involvement, employee relations, leadership development, facilitation, training, and performance management. He is currently an adjunct faculty member for the Montgomery County Community College and the Insurance Institute of America. [www.hornerassociates.biz](http://www.hornerassociates.biz)*

### From the President

*(continued from front cover)*

committee structure to make sure they align with the association's strategic direction.

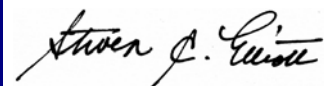
These initiatives do not come about without a lot of hard work. In addition to the invaluable service our committee members supply, it's time to recognize the contributions of the PAMIC staff.

I am sure you have all noticed the improvement in both the format and the quality of our communications this year. Since Sara Bylotas arrived last fall, she has completely changed the public face of PAMIC, and that's critical as we reach out to companies not yet part of our association family. In recognition of Sara's growing importance to PAMIC, her title was recently changed to Communications Coordinator/Executive Administrator. And that just begins to describe the work she is doing for you the members.

If you have not attended any of our educational events since January, you're missing something. Our already high quality educational and networking opportunities are being taken to a new level by Marri Lamoureux, our Director of Education. Next association year will be her first full education cycle with us, and she is already planning exciting enhancements. This is an aspect of our activity that the strategic plan has identified as a growth area for PAMIC, so her job is pivotal to PAMIC's success.

All in all, it has been a good year for PAMIC. If you haven't seen your staff or interacted with your peers at a PAMIC meeting, I challenge you attend next year. You will not be disappointed.

Sincerely,



Steven C. Elliott, J. D., CPCU, CLU  
President

### **Pennsylvania Lumbermens Mutual Insurance Company Celebrates 110 Year Anniversary**

Pennsylvania Lumbermens Mutual Insurance Company (PLM) is celebrating their 110 year anniversary in 2005. PLM is a Property and Casualty insurance company, specializing in insuring businesses in the lumber, woodworking and building material industries. The company is based in Philadelphia, PA.

In 1895, Grover Cleveland was President, Babe Ruth and Groucho Marx were born and X-rays were invented. In the autumn of that year, a group of lumber dealers from several eastern states got together to address issues of mutual concern. One of those issues included the high rates members in their industry were being charged by stock insurance companies for their fire insurance. Edward Henson, a Philadelphia lumber dealer suggested they form their own mutual insurance company. The new company would focus solely on wood and wood-related manufacturing and distribution businesses.

On that day, in 1895, Pennsylvania Lumbermens Mutual Insurance Company was formed. In its first year, the company reported premiums of \$882,316. Today, PLM insures over 4,500 businesses in thirty-six states with premiums over \$150 million. "PLM's focus on the wood niche will remain at the core of our business plan into the foreseeable future" said John K. Smith, President and CEO of the company. "We believe that our concentration on the wood niche is at the heart of our success and consequently, we have spent a great deal of time and expense to develop an unparalleled understanding of our customers' businesses. With such an investment, we are not likely to let our focus drift. We are in the wood niche to stay."

PLM continues to specialize in property and casualty insurance exclusively to the lumber, woodworking and building materials industries. PLM is endorsed by several trade associations and buying cooperatives throughout the country. PLM started as an eastern based company, and are now writing in thirty-six states. They have recently attained their license to begin writing insurance in North and South Dakota, with Kansas and Nebraska to follow shortly. In 2006, expansion is planned for five more western states. Further information on PLM can be found on their website at [www.plumbermens.com](http://www.plumbermens.com).

### **Curtis Financial Announces Staff Changes**

Jason M. Cunningham has been named Vice President at Curtis Financial Group, LLC. Mr. Cunningham joined the firm in 2004 after serving as a Senior Associate in Fleet Securities, Inc.'s middle market investment banking group.

Laura Anastasio joined Curtis Financial Group, LLC as an Associate in April 2005. Ms. Anastasio previously served as a Senior Analyst in the valuation practice at Ernst & Young LLP.

Curtis Financial Group specializes in providing corporate finance advisory services to financial services companies such as banks, insurance companies and insurance agencies. It was founded in 1994 with the objective of putting Wall Street capabilities within the reach of middle market clients. Advisory services include mergers, acquisitions, divestitures, business valuations, and raising capital. For more information, visit the Curtis website at [www.curtisfinancial.com](http://www.curtisfinancial.com) or contact Tony Latini, Managing Director at 215.972.2353.

### **Steven J. Holsinger Elected to Lititz Mutual Insurance Company Board**

At Lititz Mutual Insurance Company's 116<sup>th</sup> Annual Meeting, held at its Home Office in Lititz, PA, President Henry H. Gibbel announced the election of Steven J. Holsinger as an additional Director to the Company's Board.

A native of Lewistown, Pennsylvania, Holsinger is Senior Counsel of Hershey Foods Corporation. Before joining Hershey Foods in 1989, he was an attorney with the Lancaster law firm of Barley Snyder Cooper & Barber. Prior to attending law school, he served Lititz Mutual from 1976 to 1982 as a personal lines underwriter and supervisor. He is a 1976 graduate of Juniata College and in 1985 earned his law degree from Duquesne University School of Law. He is a member of the American, Pennsylvania and Lancaster County Bar Associations and the Association of Corporate Counsel. He is a member of the Board of Trustees of Juniata College and the Board of Directors of Lancaster Symphony Orchestra and Wheatland Chorale.

He has also been elected to serve as a Director to Lititz Mutual's three affiliate Companies – Penn Charter Mutual Insurance Company, Farmers' and Mechanics' Mutual Insurance Company and Livingston Mutual Insurance Company.

### **FAIR Appoints Daniel M. Taylor, Jr. as General Counsel**

The Boards of Directors of the Insurance Placement Facilities of Delaware and Pennsylvania and the West Virginia Essential Property Insurance Association are pleased to announce the appointment of Daniel M. Taylor, Jr. as General Counsel.

Mr. Taylor has been a partner in the law firms of Swartz Campbell, LLC since 2002. Prior to that he was a partner in the Pittsburgh law firm of Jones, Gregg, Creehan, & Gerace, LLP. He received his juris doctor degree, cum laude, from the Cleveland-Marshall College of Law, where he was an Editor of the Law Review.

Taylor will remain a partner in Swartz Campbell's Pittsburgh office.

The Insurance Placement Facilities of Delaware and Pennsylvania and the West Virginia Essential Property Insurance Association (FAIR Plans) are associations of property insurers created by statute in their respective states to make basic property insurance available to persons who have been unable to secure such insurance in the voluntary market.

### **Smeltzer Joins Mutual Benefit Group**

Jeffrey R. "Jeff" Smeltzer joined Mutual Benefit Group as Systems Architect on December 29, 2004. In this position within the Information Services Department, Jeff designs, documents, and develops corporate technical architects and provides technical direction to software developers. He also provides infrastructure planning, vendor relations, and project and team management regarding information systems and procedures.

Jeff comes to MBG from AIG Technologies, Fort Worth, Texas, where he was the director of WINS product development. Prior to joining AIG, he served as an assistant vice president with GAINSCO, Inc. He has also held information systems positions with Scottsdale Insurance Company, Heritage Computer Corp., and Grinnell Reinsurance Co.

Jeff earned degrees in computer information systems and general business from Drake University, Des Moines, Iowa.