



FORESTRY MUTUAL NEWS

Newsletter of the Forestry Mutual Insurance Company

Vol. 10, Issue 4

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FROM THE PRESIDENT'S DESK...

We are pleased to report that 2011 has been another strong year for our company thanks to the diligence of our policyholders and staff. Through October our status report loss ratio was 32%, which is a great number.

Even in this soft market and losing some accounts due to the economy, we have managed to grow our business by attracting new policyholders. While this has been a rough economic stretch for everyone in the forest products industry, one bright spot has been the soft market for commercial insurance which has allowed us to keep our rates low.

One thing that will be changing in the future that we have no control over is the experience mod factors. In the past, the first \$5,000 of any loss was considered primary and the rest of the loss was partially rated. By the year 2013, this split will be \$10,000. By 2014, it increases

to \$13,500 and then \$15,000 in 2015. What this means for our policyholders is if you have losses, the experience mod will go up higher from what would have transpired in the old system. Conversely, if you have no losses, your experience mod should improve.

We hope that all of our policyholders enjoy a safe and healthy holiday season! We look forward to serving your insurance needs in 2012.

Sincerely,

Keith S. Biggs



Keith Biggs

A PROFILE ON MONTGOMERY LOGGING

When nine of the 10 members of a logging crew are related in some way, a dispute over ownership of a 10 dollar bill found rolling along the log deck is not a simple case of finder's keepers. Oh, no. It turns into a lottery.

"Odd man wins," stated Bill Lynthacum, the owner of Montgomery Logging Company, with a smile to the four other members who were present on the logging deck as he reached into his pocket to pull out a quarter.

In three flips, the odd man was 10 dollars richer.

"All are family besides one, and he has been with me since I started, just about," stated Lynthacum.

Based in Troy, North Carolina, Bill Lynthacum oversees a logging company that is one of the primary suppliers to Uwharrie Lumber Company. Two of his brothers, Danny and Richard, two sons, Bo and Cody, and two nephews, Alex and Johnathan are in his relatively large crew. Lynthacum concedes that sometimes his crew may be too big.

"There aren't enough jobs out here for all ten of them, not every day," stated Lynthacum with a chuckle. "Some of those young boys – there are four of them out here – sometimes they don't have anything to do."

But on most days, crew members are ready to move and pitch in where needed to meet the ambitious production goals that Lynthacum sets out each week.

"Well, I have two of my boys out here and two of my brother's boys out here, and you know, everybody needs work," stated Lynthacum.

But when you set production goals like Lynthacum, you need plenty of help. Montgomery Logging ships 100-120 loads a week to Uwharrie Lumber.

"It's not only amazing how many loads they can move in a day," stated Ray Allen, the President of Uwharrie Lumber Company. "But, they do a great job on the ground and getting it loaded up on the trucks. You cannot run a sawmill if you don't have logs, and with Bill, we truly rely on his consistent production."

The business relationship between Montgomery Logging and Uwharrie Lumber Company is special and dates back to the early 1990's when Ray's father, Jeff, first approached Bill Lynthacum about running a logging crew for the sawmill.

For a young man who had started going to the woods with his father at the age of five and was at the wheel of a skidder by the age of nine, there is no wonder that logging had a unique appeal to Lynthacum. He worked for several small logging crews, including a few years with his father, before getting the chance to start his own crew in 1993.

Jeff Allen, who is Ray's father and was in charge of Uwharrie Lumber Company at the time, reached out to Bill about running a crew that could supply the mill.

(continued on page 2)



Bill Lynthacum

THE DANGERS OF CELL PHONES USE

by Jimmie McCraney, Forestry Mutual

In November, the Forestry Mutual Insurance Safety Committee met and discussed current safety concerns and how to address them with those working in the forest products industry. While there were several significant problems raised, the most serious and repeated safety concern was the problem of truck drivers using cell phones and/or text messaging while driving their vehicle. Obviously, this practice creates a serious road hazard. Accident reports show that this is quickly becoming a leading cause of accidents.

Cell phone use/text messaging takes a driver's eyes away from the road ahead of them and significantly increasing the operators risk of an accident. The Federal Transportation Department prohibits truck drivers from sending text messages on hand-held devices while operating commercial vehicles. The prohibition states the truckers who text while driving commercial vehicles may be subject to civil or criminal penalties of up to \$2,750.

Research by the Federal Motor Carrier Safety Administration shows that drivers who send and receive text messages take their eyes off the road for an average of 4.6 seconds out of every 6.0 seconds while texting. At 55 miles per hour, this means that the driver is traveling the length of a football field, including the end zones, without looking at the road.

The fact is that some irresponsible truck drivers are turning 80,000 pound machines hurtling down the highway at 65 mph into on-road offices. Coordinating loads and personal calls and/or text messaging while driving causes a 400 percent increase in time spent with eyes off the road. The South is leading the way with the highest percentage of truckers using cell phone/text messaging while driving.

A Virginia Tech Transportation Institute study found that truck drivers were:

- 23 times more likely than a non-distracted driver to have a truck accident while texting.
- Six times more likely to crash while reaching for, or using an electronic device.
- Five times as likely to have an accident while dialing on a cell phone.
- For every 6.0 seconds of drive time, a driver sending or receiving a text message spends 4.6 of those seconds with their eyes off the road. This makes texting the most distracting of all cell phone related tasks.

Despite being cautioned not to drive while distracted, truck drivers who have been distracted for one reason or another are the root of some fatal accidents. The truth is that there are many distractions out there—we are probably all distracted at some point when we really should be focusing—but it is vital that truck drivers pay attention to the road and to traffic so that they can avoid causing an accidents. Need proof?

A teenager was killed when a tractor trailer crashed into her school bus. Although investigators do not believe speed was a factor in the accident, they say the driver of the tractor trailer was talking or texting on his cell phone and did not see that the bus in front of him had stopped. The truck crashed into the bus without the driver ever hitting the brakes. Eight other students and the driver were critically injured.

The truck driver faced negligent homicide charges and a civil lawsuit has been filed. But worse, the truck driver will live with the memory of having caused an accident that resulted in the loss of a life, forever. A mother who pulled her children from the burning bus filed a lawsuit against the truck driver, alleging negligence on the truck driver. The woman had three children on the bus and pulled them out, but was unable to save the girl who died. Following the crash, the bus caught on fire and then exploded.

Unfortunately, it only takes one accident to end a life. So, while the truck drivers involved in accidents may have learned a lesson about paying more attention while driving, those killed in the accidents are gone forever. The message is clear; "trucking and cell phone use or text messaging are a deadly combination". ■

Profile on Montgomery Logging...(from page 1)

"I came home one night from work at about 7:00 p.m. and my wife said that Jeff Allen had come over to speak with me," stated Lynthacum.

When Lynthacum followed up with Allen, he was presented with the business opportunity to start his own logging company with the agreement to supply the sawmill and repay the initial equipment investment over time.

"Jeff said that he knew that I would work," stated Lynthacum. "It has held together. So he has been right so far. I don't like failure."

Ray Allen, who succeeded his father, admires the work ethic that Bill and the entire crew of Montgomery Logging exhibit on a routine basis.

"Bill wants to work hard, which is a real rarity among folks these days," stated Ray Allen. "Bill has earned everything he has today, the only thing my dad did was to give him the opportunity, and Bill took care of the rest. He is very important to what we do here at Uwharrie."

For Lynthacum, the admiration is mutual.

"They are the best sawmill I know," stated Lynthacum. "Ray is a super nice fellow. I believe he would help me any way he could. I have had a good relationship with Ray and his dad, Jeff. They have been really good to me, and that's all I go on, what's somebody is to me."

Lynthacum started with a three man crew that included his younger brother, Richard. As a small crew, Montgomery Logging produced 50-60 loads a week. Through the years, a strong work ethic and attention to details allowed Lynthacum to add crew members and new equipment.

Bill's wife of 25 years, Lisa, coordinates the company's books.

"She coordinates the payroll so everyone gets their check, except for me, I don't even get my own check," Lynthacum says with a laugh. "She gets it."

Forestry Mutual Company maintains that proper attention to safety is one way a company can increase production and profits by creating a safe and efficient workplace. Montgomery Logging, with its 10 employees and two loaders working on the log deck, is a great example of this belief.

Consequently, Montgomery Logging was named Forestry Mutual's Logger of the Year in 2010. The company has been with Forestry Mutual since 1995.

"We have been pretty lucky," explained Lynthacum. "We just try to work safe. I have had a few boys who have worked with me who were pretty rough, but they didn't work here long."

And while safety is important, true to his nature, a strong work ethic is a pre-requisite if you are going to log with Bill Lynthacum.

"And, if you are not going to work, you won't be here long," stated Lynthacum.

(continued on back page)



The Montgomery Logging Crew - (l-r) Antonio Ruiz, Cody Lynthacum, Danny Thompson, Bill Lynthacum, Bo Lynthacum, Richard Lynthacum, Jason Davis, Johnathan Green, Alex Lynthacum.

POST-OFFER EMPLOYMENT TESTING

Studies show that 10% of the American workforce is physically unable to do their job. Out of that 10% comes 75% of injuries and 80% of employers' worker's compensation costs.

Average worker's compensation claim in NC	\$42,000
Indirect costs for average claim:	\$189,000
Total Cost for Employer:	\$231,000

OSHA estimates indirect costs such as lost productivity, legal costs, equipment repairs, etc. to be 4.5 times higher than the direct costs. Employers ALWAYS pay the indirect costs, so that \$42,000 average claim becomes a \$231,000 claim. Assuming a 10% profit margin, revenue would have to be increased by \$2 million in order to cover the cost of that "average" claim. If the profit margin is 3%, the revenue needed to recoup the losses would be closer to \$9 million!

Identifying those persons who are physically able to do the job and do not have pre-existing conditions that may put them at risk of injury before they begin work will not only reduce these costs by as much as 80%, but will result in a safer, more productive workforce. Employers have taken a big hit due to our economy the past few years. Long gone are the days when employers just assume that worker's compensation is the "cost of doing business." Hiring by looks or by relationships unfortunately will not only cost you but may result in someone getting injured, or worse, permanently disabled.

ADA and EEOC both say that employers have the right to ask their employees to show them how they are going to do the job safely. Having a functional testing program in place at the post-offer stage of employment will ensure that those who are hired are safe to do the job. Much the same as a drug test, employees can be hired contingent on passing the physical testing. Even the best safety and wellness programs will be ineffective in reducing the likelihood of preventing an injury if the employee cannot physically and safely perform the physical demands of the job from day one.

Existing employees need to be protected as well. We have an aging workforce, and we all know that we are not able to do the things that we were once able to do. How can employers be sure that their existing employees continue to be safe to do the job? Do employers want to assume the risk of letting their loyal employees get injured? As employers, we have the responsibility of not only protecting our employees but of protecting our profitability to ensure the sustainability of the forest products industry in North Carolina.

*Submitted by: Michelle Morgan, Vice President of Job Ready Services, LLC.
website: www.jobreadyservices.net or www.worksteps.com. ■*

TOP LOGGERS

A total of 18 of the best timber-cutters in the southeast went through qualification events and the top six advanced to the finals of the 2011 Logger Challenge held during the Mid-Atlantic Logging Expo. Unlike *(continued on back page)*



Forestry Mutual's Logger Challenge: (l-r) First Row: Bryan Wagner, Eddie Norton, Josh Carpenter. Top Row: Bill Elliott, Tony Teague, Tim Alley, Travis Greene and Greg Helton.



SAFETY ALERT

by J.J. Lemire
Director of Loss Control
for Forestry Mutual

ANNUAL REMINDERS

The following information is to assist policyholders to meet their obligation for properly reporting your injuries to Forestry Mutual.

CLAIMS REPORTING

- All policyholders are required to notify the Mutual of any employee accident for which a doctor's visit is required within five days of the date on which the policyholder (or any of its supervisory personnel) is first made aware of the injury. Should the policyholder fail to provide such notice, the Mutual may deny coverage for the unreported claim and may seek reimbursement by the policyholder for any payments made by the Mutual as the result of the unreported claim.
- Any employee that is injured and is treated at a hospital emergency room must have a drug and alcohol screen completed by the treating facility. It is the policyholder's responsibility to order the drug and alcohol screen from the treating facility. If the policyholder cannot obtain a drug and alcohol screen, you must at the time of treatment immediately contact the Mutual's claims department (800-849-7788) and request their intervention. If in any case the employer fails to fulfill this requirement the Mutual may deny coverage of the claim.
 - Call 1-800-849-7788 to report claims promptly or use the state appropriate forms on our website. www.forestrymutual.com Click on the claims box on the left side.
 - If you feel a claim is not legitimate, report your suspicions as soon as possible.
 - If you have any questions regarding the status of a claim, reporting a claim, completing a form or the validity of a claim, please contact the claims department immediately.
- It is imperative that the policyholder immediately notifies the claims department when a claimant returns to work. Also, any change that you feel may affect the claimant's status, such as termination of employment, knowledge of another job, etc., should be reported immediately.

TECHNIQUES TO REDUCE CLAIMS COSTS

The best way to control the cost of both your minor or major compensation claim is to avoid the emergency room when possible. We encourage all policyholders to establish themselves with a local general practitioner and orthopedic group with the understanding that when feasible, all injured employees will be directed to one of these doctors first as opposed to the emergency room.

OSHA RECORDKEEPING REQUIREMENTS

OSHA requires employers to post a summary of the total number of job-related injuries and illnesses that occurred during the previous calendar year. Summaries must be posted from February 1 to April 30, 2012. However, employers need only post the Summary (OSHA Form 300A), not the OSHA 300 Log. If you had no recordable injuries or illnesses in 2011, you still must post the form with zeros on the total line.

In order for employees to view the OSHA 300A Summary, post it in a common area such as a break room or on a bulletin board or wherever you post other important notices to employees.

Also, a reminder that employers with 10 or fewer employees, and employers in certain industry groups, are normally exempt from federal OSHA injury and illness recordkeeping. ■

Profile on Montgomery Logging...(from page 2)

Ray Allen describes Bill Lynthacum as one of the hardest working guys he has ever met.

“He is as driven an individual as there is,” remarked Allen.

When asked what he finds as his biggest challenge at the end of the day, Lynthacum laughs.

“When you work 65 miles from the sawmill, you don’t find the end of the day,” joked Lynthacum. “At least, I don’t.”

In the long term, Lynthacum hopes to grow his business in terms of his production and some of his equipment. He has no designs on developing two separate crews, but he would like to add some equipment that would allow him to transition from one tract while still putting the finishing touches on the previous job. He also would like to be able to add some replacement equipment such as scales that help him with his overall efficiency.

“My scales are in the same shape I am in, they’re broke,” joked Lynthacum. “I have to get my wife to get me a raise.”

In a more serious tone, Lynthacum hopes to maintain his long standing relationship with Uwharrie and grow his business to the point where his boys can to take over the reins of the family business. ■

Top Loggers...(from page 3)

previous years when trees were set in the ground, this year, the competitors felled live trees.

“It was definitely a treat for the crowd to watch these men in action in a live, natural setting,” commented Forestry Mutual’s Bryan Wagner. “We had the ideal setup and great competitors so it is not surprising that we had a great competition - these guys are true professionals.”

Eddie Norton repeated as champion with a strong performance in the felling competition. Tim Alley from Tazewell, VA, placed second, followed by Travis Greene from Old Fort, NC. Other finalists were Tony Teague from Lucama, NC, Bill Elliot from Sanford, NC, and a great performance by a young up-start, Josh Carpenter from Peachland, NC. ■

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