



FORESTRY MUTUAL NEWS

Newsletter of the Forestry Mutual Insurance Company

Vol. 9, Issue 2

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FROM THE PRESIDENT'S DESK...

As most of you already know, the last couple of years in the forest products industry have not been some of our best to say the least. Consequently, our premium income dropped by 18%. But in the face of this bad news, we did have a few positives from last year. First and foremost, we did not suffer an in-woods catastrophic claim and overall, our claims were down across the board from recent years. Clearly, our policyholders' commitment to safety as well as our training programs is paying off in terms of safer work conditions and fewer claims.

As a result of our collective diligence, our financial statement continues to improve - which has a direct bearing on our overall insurance rating. For the third consecutive year, we were able to contribute to our reserve fund, growing to \$11.9 million at the conclusion of this fiscal year.

We are pleased to announce that AM Best has just finished our evaluation for the 2009 year and upgraded our company from a C+ to a C++. Our financial position is now stronger than several years ago when we were rated a B+ rated company.

Unfortunately, we are learning that AM Best is quick to lower a company's rating in the face of a heavy

loss that results in a sudden decline in your reserve fund, but they are very slow to bounce a company back up the ratings ladder, especially in these current market conditions.

Forestry Mutual could not have achieved this rebound without its loyal policyholders. I know I do not get to see each and every one of you, but that does not mean that I don't appreciate your business. I would like to also give a special thanks to those companies who afford us the time to visit their operations with our reinsurance brokers as well as other lines carriers.

Again, thank you all for your business and if there is anything we can provide as service that we are not currently providing, please give us a call.

Sincerely,

Keith S. Biggs



Keith Biggs

FORESTRY DAY RAISES AWARENESS OF INDUSTRY'S TOP ISSUES

The North Carolina General Assembly convened in May for what is termed the "short session" for 2010 with the hopes of adjourning in July. The state's budget is the dominating issue facing our elected officials as they try to balance a budget in the face of a down economy. Each year, the North Carolina Forestry Association raises the awareness of the issues facing our forests and forest product industry by hosting a light luncheon on the Halifax Mall, which is located between the two legislative buildings in downtown Raleigh. Members of the Forestry Mutual staff participate in this event annual, providing insight on any potential legislation dealing with insurance or workers' compensation.

"It really provides the ideal opportunity to sit down with our elected officials and discuss the priority items facing our policyholders," stated Forestry Mutual President Keith Biggs. "We pride ourselves on making personal contact with our policyholders and how important it is to our business plan. Well, the same can be said for this day. We can put a face to our industry with just a few hours of time, which is extremely beneficial when it comes to explaining the challenges our industry faces on a regular basis."

One elected official who has a clear understanding of the industry is newly appointed Senator Michael Walters, who is Forestry Mutual's Chairman. Senator Walters had plenty of visitors on Forestry Day. In total, 85 individuals representing the forest products industry traveled to Raleigh to participate in Forestry Day, helping encourage a strong turnout of elected officials to the luncheon. ■



(l-r) Senator Michael Walters and Chip Miller of Jordan Lumber company pose for a photo during the NCEA's Forestry Day in the Legislature.

THE SAWSHOP

by Bryan Wagner
Chainsaw Trainer for
Forestry Mutual



WORK SMARTER - NOT HARDER IN THE HEAT

In the past twenty years the forest industry has been blessed by mechanization. The amount of hard and demanding physical labor has been reduced greatly. The introduction of grapple skidders; feller-bunchers, sawbucks and delimiters have reduced risk in the industry. Such equipment has also reduced the physical exertion of logging employees. Mechanized forest equipment operators enjoy great creature comforts such as heaters and air conditioners. The cabs of the newer logging equipment provide for a comfortable working environment.

On the other side of the coin, timber cutters and saw hands have a very physically demanding job. When the heat of the summer is thrown into this equation, fatigue is the result. Fatigue is a very serious risk that must be dealt with in our industry. Its human nature, a tired or fatigued person will take a short-cut. Short-cuts in the logging woods can prove to be lethal. Fatigue affects the thought process. If we can limit or reduce fatigue levels, we end up with an alert, clear thinking timber cutter. To limit fatigue in the summer heat we must look at personal health and physical exertion. Above all, we must stay hydrated. Gas for the saw, water for me is a saying that should be followed. Strenuous physical exertion may be reduced by working a little smarter, not harder.



TIPS FOR HOT WEATHER MANUAL LOGGING

- Drink plenty of water before, during and after exposure to the heat. Dark yellow colored urine is a sign of not enough water being consumed.
- Avoid caffeinated drinks; they tend to make you thirstier.
- Keep in the shade as much as possible.
- Wear light colored, loose fitting clothing.
- Doctors recommend at least 8 glasses of water on a normal day, twice that should be consumed during high heat periods.
- Work smart, the brain can save a lot of foot steps, less foot steps, less fatigue.
- If at all possible do most of the manual felling during the early morning to avoid the heat of the day.
- If possible, toppers should be stationed in a shaded "safe zone" from the skidders.
- Limit the time your toppers are exposed to the direct sun. Make one trip out of the safe zone to top 3 or 4 drags, rather than running out to top single drags of wood.
- Timber cutters can cut their whole drag, before going down to top the timber. Limit your trips up and down the slope.

Ultimately, we have to work in the heat to feed our families and pay the bills. If we pay attention to keeping enough water in, and thinking through our work plans fatigue can be reduced. We must remember that fatigue breaks down the thought process. A sharp and alert mind will conquer risk by employing a proper technique or a correct decision. Beat the summer heat by working smarter, not harder. ■

HOW HEAT STRESS IMPACTS EMPLOYEES

by Jim McCraney, Forestry Mutual

The National Institute for Occupational Safety and Health (NIOSH) has documented that although workers can acclimatize themselves to different levels of heat, each worker has an upper limit for heat stress beyond which that worker can become a heat casualty. Further, it has been shown that a worker's ability to focus attention and the worker's reaction times can be dramatically reduced by even a two percent dehydration level due to heat stress.

It's accepted that businesses such as logging, sawmills, pallet and planer mills, and a variety of others woodworking occupations subject employees to heat stress. In temperatures as low as 80 degrees, the human body compensates for heat levels in the inner core by pumping blood to the skin for cooling. When combined with the fact that most people start the day in a dehydrated state, heat stress is a major contributing factor in preventable accidents and work-related injury.

Many wood industry companies encounter daily activity that can cause heat stress in its employees and do not take any or little precautions to prevent it. Employers must understand and take action to prevent heat-stress for their employees. When an employee is in a hot environment, up to 48 percent of their blood is pumped by the heart to the skin for cooling. The first effect is to release heat, but water is also released through perspiration. If an individual loses two percent of body weight due to perspiring, that person is considered to be in a heat exhausted state.

Warning signs of heat exhaustion are heavy perspiration, fatigue and weakness, muscle and body ache, headache, nausea, rapid heartbeat, confusion, loss of consciousness, and vomiting, with or without loss of consciousness.

At the ambient temperature of 95 degrees, the body's inner core temperature begins to rise. The only mechanism to release body heat from the inner core is for up to 48 percent of the body's blood to be pumped to the skin to create perspiration. This creates two problems: blood loss to the organs, muscles, and brain; and dehydration.

When the brain, muscles, and major organs are receiving half of the blood they normally receive, the heart must work much harder to try to deliver the same volume of blood to those organs to keep them nourished by beating up to 150 times a minute. This creates much sweating (dehydration) and major concern as heart attacks are a by-product of heat stress.

When an employee performs heavy, physical work, fluid intake may not overcome the effects of sweat output. Employees who perform duties in protective clothing (saw chaps, thick boots, hard hats, etc.) have increased sweat rates of over two liters per hour. This may lead you to believe that taking fluids to hydrate the body is enough to prevent heat stress; however, it can take as much as 24 hours for the body to absorb enough fluid to fully re-hydrate.

Fluid intake alone does not reduce core body temperature. Action must be taken to allow the worker to cool in addition to taking fluid. The inner core temperature will continue to rise for up to 30 minutes after work is stopped unless other means are used to cool the blood that has been pumped to the skin for cooling.

Employers must evaluate the workplace or work site to make sure there are ways provided to cool down employees. Properly sheltered work or break room facilities provide good cover from the sun's high heat. Installing industrial fans provide a good way to circulate the air to cool employees, as well as machinery. Logging crews can use designated areas that provide lots of shade.

Annual training for employees is an OSHA requirement and an important element in reducing heat stress-related accidents in the workplace. Informing employees of the warning signs of heat-stress is critical and could possibly save a life. Policies to prevent heat stress in the workplace will greatly reduce heat stress related-illness and injury. And reducing heat stress will improve productivity and reduce accidents at the workplace. ■

OSH PENALTIES UPDATED

Beginning in January, 2010, the penalties for OSH violations were adjusted. **The new structure is as follows:**

- a. A violation determined to be serious in nature will be assessed a penalty of up to \$7,000, except that a penalty of up to \$14,000 will be assessed for each serious violation that involves injury to an employee under 18 years of age. The adjusted proposed penalty for any willful violation will not be less than \$5,000. This is a statutory minimum and not subject to administrative discretion.
- b. A non-serious violation may be assessed a penalty of up to \$7,000.
- c. In the case of willful or repeat violations, a civil penalty of up to \$70,000 may be proposed.
- d. For other specific violations of the Act, civil penalties of up to \$7,000 may be proposed.
- e. Penalties for failure to correct a violation may be not more than \$7,000 for each calendar day that the violation continues beyond the final abatement date.
- f. If a penalty is assessed, it will not be less than \$100.

Penalties are assessed on the basis of the following factors:

- a. The gravity of the violation;
- b. The size of the business;
- c. The good faith of the employer, which is evaluated on the basis of safety and health programs and cooperation; and
- d. The employer's history of previous violations.
- e. Whether the violation involves injury to an employee under 18 years of age.

Penalties are based on a system called the Gravity-Based Penalty (GBP). The GBP is an unadjusted penalty and is calculated in accordance with the following procedures:

- a. The GBP for each violation will be determined based on appropriate and balanced professional judgment combining the severity assessment and the final probability assessment.
- b. For serious violations, the GBP will be assigned on the basis of the following scale:

Severity	Probability	GBP
High	Greater	\$7,000
High	Lesser	\$5,000
Medium	Greater	\$5,000
Medium	Lesser	\$3,000
Low	Greater	\$3,000
Low	Lesser	\$1,500
Non-serious	Greater	\$1,500
Non-serious	Lesser	0

The GBP may be reduced depending upon the employer's "good faith" (based on safety and health programs), "cooperation", "size of business," and "history of previous violations."

- a. Reduction Factors. The amount of penalty reduction for size of business, employer's cooperation, employer's good faith, and employer's history of previous violations will be determined on the basis of the criteria described in the following paragraphs:

- i. Size. "Size of business" will be measured on the basis of the maximum number of employees of an employer at all workplaces nationwide at any one time during the previous 12 months. The rates of reduction to be applied are as follows:

Employees	% Reduction
1-25	60
26-55	50

- ii. Cooperation. A penalty reduction of 10 percent may be given at the compliance officer's (CSHO) discretion to a cooperative employer. Examples of cooperation include immediate abatement of hazards where appropriate and working with the CSHO during the inspection. Examples of lack of cooperation may include interrupting or discouraging employees from talking with CSHO

(continued on back page)



SAFETY ALERT

by J.J. Lemire

Director of Loss Control
for Forestry Mutual

CREATING A DRUG FREE WORKPLACE

In recent months, several insurance companies have required employers that have drivers with a commercial driver's license (CDL) to have a drug policy and testing procedures in place to receive a quote for an auto policy. Insurers see drug testing of applicants and employees as demonstrating an employer's commitment to a drug free workplace.

State laws dictate what must be in your policy. As a minimum, it must state that you prohibit the use, sale, dispensing, or possession of illegal drugs, narcotics, and alcoholic beverages on company property or during working hours whether on company property or not, such as drivers. This covers all legal or prescription drugs that might impair an employee's ability to perform their job and covers any prescription drugs that are not used as prescribed or by the person for which they are prescribed.

Drug testing policies must address who will be tested, when they will be tested, and what will happen as a result of a positive test. Informing all applicants that you drug test all applicants and that a positive drug test will result in a withdrawal of a job offer will most often deter substance abusers.

Your policy should require that employees be tested post-accident, for reasonable cause or suspicion, and/or randomly. Be sure to include a statement that refusing to test, diluting a test, or any alterations of a sample or test will result in termination. State the policy on whether you will terminate employees who test positive (following a confirmation test), or will allow them to continue employment if they go to your Employee Assistance Program and follow the requirements of the program, sign a last chance agreement, and agree to be tested at any time over the next year without notice.

Forestry Mutual has an agreement with Nationwide Testing Association (NTA) to have them help our Policyholders come into compliance with your state's laws. NTA has provided drug and alcohol testing services to businesses throughout the United States since 1988. Many smaller companies do not have enough employees to do random testing and so we have created a consortium with NTA so random testing can occur. For more information, contact NTA at (800) 452-0030 or visit their website at www.ntatesting.com. NTA is proud to offer a 20% discount to any client referred to NTA from Forestry Mutual on all products and Services offered by NTA. ■

FORESTRY MUTUAL'S MILLION \$ AGENTS

During the last 30 years, Forestry Mutual has welcomed the opportunity to work with many contract agents. Some of these agents established themselves as specialists in protecting against the risks facing the timber industry. We want to thank all our agents that have helped establish us as a leader in the industry and especially recognize those that have gone above and beyond. The following are the contract agents that have placed over one million dollars or more of workers compensation with Forestry Mutual.

GAINES & CRITZER LTD

P.O. Box 35742, Richmond, VA 23235 (800) 332-9390

SIA GROUP

827 Gum Branch Road, Jacksonville, NC 28540 (800) 682-7741

SWAMP FOX AGENCY, INC

P.O. Box 522, Pinopolis, SC 29469 (843) 761-3999 ■

OSH Penalties Updated...(from page 3))

and stopping work operations.

iii. Good Faith. A penalty reduction of up to 40 percent is permitted in recognition of an employer's demonstration of good faith. The factor being evaluated here is the existence of an overall safety and health program. To give an employer a good faith reduction, the safety and health program must be evaluated during an inspection. However, deficiencies in programs not related to partial inspections will not be cited. Instead, recommendations for improvements will be made and noted in the case file.

b. Safety & Health Program. Good faith may be applied when the employer has shown a management commitment to employees' safety and health in the workplace as demonstrated by the presence of an effective safety and health program. A penalty reduction of 10%, 25% or 40% may be applied based upon the employer's overall safety and health program. If the employer does not have enough elements to meet the developmental program, no reduction will be given for good faith.

The following criteria may be considered in evaluating the employer's safety and health program.

1. Developmental: A 10 percent (10%) reduction is allowed for an employer with a safety and health program determined to be developmental.
2. Basic: A 25 percent (25%) reduction is allowed for an employer with a safety and health program determined to be basic.
3. Superior: A 40 percent (40%) reduction is allowed for an employer with a safety and health program determined to be superior.
- iv. History/Record of Previous Violations. A reduction of 10 percent will be given to employers who have not had a final order entered against them for any serious, willful, or repeated violation(s) cited by the Division at any location in North Carolina in the three calendar years prior to the opening conference.

Many of the safety & health items are covered by using the Logger Safety Checklist Book, available at no charge from the NCFE. ■



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Bryan Wagner.....	Chainsaw Trainer	252-916-3376
Jimmy McCraney.....	Safety Trainer.....	704-301-2919
Tony Havens.....	Field Rep-South Eastern NC.....	910-624-0372
Chris Huff.....	Field Rep-North Eastern NC.....	919-810-9485
Greg Helton.....	Field Rep-Western NC.....	828-442-3143
Darren Lione.....	Field Rep-Western VA.....	540-392-3997
Greg Plumley.....	Field Rep-Eastern VA.....	804-712-5007
Philip Sligh.....	Field Rep-South Carolina.....	843-244-0487

FMIC AGENCY INC.

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Nick Carter.....	Logging Account Specialist.....	803-669-1003
Jimmie Locklear.....	Logging Program Coordinator.....	910-733-3300
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Roberta Jones.....	Commercial Lines Rep.	866-755-0344
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