



FORESTRY MUTUAL NEWS

Newsletter of the Forestry Mutual Insurance Company

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Forestry Mutual Insurance Company
 1600 Glenwood Ave.
 Raleigh, NC 27608
 (800) 849-7788
www.forestrymutual.com

Wood Products Intermediaries, Inc.
 P.O. Box 19467
 Raleigh, NC 27619
 (866) 755-0344
www.forestrymutual.com

From the President's Desk

I can report today with great pride that Forestry Mutual continues to be the premier insurance carrier for those individuals involved in the forest products industry. Last year, our company reached into new markets, but our mission remains the same. We are committed to providing the forest products industry with quality insurance at competitive prices.

We achieve this goal through the diligence of our staff both in the office and in the field. Forestry Mutual is one of the few insurance companies that has safety experts on staff to train and assist loggers in the field. This unique perspective

allows Forestry Mutual to maintain a positive relationship with various regulatory bodies.

We have taken a few steps over the past year to reach out to our policyholders in what has proved to be a tough economic climate. Firstly, we have frozen our rates at last year's prices. Secondly, we have initiated a task force to investigate the alarming increase in the insurance rates on heavy logging equipment. Our latest initiative to expand our services is the creation of this newsletter. We plan to produce this newsletter four times a year and trust that it will provide our policyholders with an update of the issues and safety hazards facing the forest products



Keith Biggs

industry. If you have any comments or suggestions, please forward them to me at (800) 849-7788 or at kbiggs@forestrymutual.com. ■

The Risky Ride of a Contract Logger

There's that famous country song by Waylon Jennings and Willie Nelson that states, "Momma, don't let you sons grown up to be cowboys." Well, if Pittsboro native Richard Williams was giving his turn in the recording studio, he may well change that line to say, "Momma, don't let your sons to grow up to be loggers."

Williams, Forestry Mutual's 2001 Logger of the Year, is an in-

spiring success story. But, you will not hear Williams making a fuss about his accomplishments. Like most entrepreneurs who have struck out on their own to find success, each step was a slow and gradual one. After all, Ben & Jerry's Ice Cream can trace it's start to two friends who took a course on ice cream making.

For Williams, his career in the logging industry began in 1984 when he decided to convert an old farm tractor into a skidder and harvest some timber off his grandfather's land. Working full-time at a grocery store and farming on the side, Williams decided to switch gears when his farming endeavors of raising cows and hogs were proving not to be profitable.

"I bought a logging winch to go on the farm tractor and a front-end loader," explained Williams. "My grand-daddy had timber, so that was the first tract I ever cut. I started buying my own timber after that."

Over the next ten years, Williams played the game of

risk that is so familiar to small business owners. Literally starting from scratch, Williams developed his one-man show into a respected logging company with four full time employees and three sub-contractor truckers. Contemplating the evolution of his business through some tough economic times, Williams is almost surprised about his good fortune.

"It has been tremendous amount of hard work and a lot of risk," stated Williams. "I would get a settlement on Friday and have to go to the timber dealer that I was working for and ask for an advance. You can say I could have gone either way."

Through his diligence and willingness to look debt squarely in the eyes, Williams set out to prove to the bigger companies that this start-up logger was for real. The initial costs were huge, but according to Williams, those costs were a necessary burden in his business plan. His ultimate plan was to fully mechanize his operations to be able to meet production standards in a safe and consistent manner. He achieved this goal some eight years ago, which is *continued on page 2*



Richard Williams

The Risky Ride...(from page 1)

nearly 10 years after he first hitched that winch onto his tractor. He now owns eight pieces of equipment.

"The biggest thing I attribute to having a safe record is putting qualified people in the woods. It's one thing I have always made a point never to do; is to put any man on the ground with a chainsaw that did not have previous experience. I have hired people that did not have any experience, but they always ran a skidder or something like that. One of the reason I tried to advance so fast, or as fast as I could, was to try to eliminate the man on the ground, which I have done."

This concern for safety has translated into an outstanding safety record for Williams. In his career, he has never filed a workers' compensation claim.

"What Richard has achieved is truly remarkable," remarked Keith Biggs, Forestry Mutual President. "He has built a successful business from scratch and done all the right things each step of the way in terms of safety. He runs a model business and that is why he was selected as our Logger of the Year."

Williams was presented with the E.K. Pittman Safety Award as Forestry Mutual's Logger of the Year in October of 2001 at the North Carolina Forestry Association's Annual Meeting.

While purchasing this equipment improved the work environment for his staff, it also proved to be beneficial in the production side of his operations.

"Being mechanized provides a more consistent production level," stated Williams. "You can have bad elements and by not having a man on the ground to contend with rain and mud, you can continue to operate."

Williams takes a comprehensive view of his operations. He is concerned about safety. He is meticulous about abiding by the Forest Practice Guidelines and Best Management Practices. He strives to meet production goals. In a nutshell, he strives for excellence in his field. But even after crossing all the i's and dotting the t's, at the end of the day, he is still in the risky business of contract logging.

"One thing that makes this business so risky for the contract logger is that he does not have a long-term contract with these big

companies," stated Williams. "He can have a job today and when he finishes that job, he could not have a job. There are no guarantees from one job to the next on whether you will have work or not."

In a business climate where many of the major companies are seeking to deal only in gate wood (timber delivered by a wood supplier who has handled the logging), lumber prices that are at a record low and escalating insurance rates, Williams and his counterparts continue to feel the financial squeeze from all sides with little security.

So what does Williams see as the number one issue facing him today?

"Logging rates," states Williams without a moment's hesitation. "For me, I have not had a rate increase in over five years and my operating costs have really gone up in those five years."

And he's not pointing fingers. Williams understands that he must keep his demands in perspective with the health of the entire industry.

"The problem is not just with the logging industry, the whole industry is going through hard times," stated Williams. "So, I don't have much of a leg to stand on when you go say you need a rate increase."

Some of the other major concerns identified by Williams include the rising insurance rates on heavy equipment and the flood of timber on the market.

Forestry Mutual has stepped in an attempt to slow the insurance rates by forming a cooperative team from within the industry to discuss this crisis.

Williams has seen this meteoric rise of rates firsthand, even though he has never filed an equipment claim.

"Even though I am getting a break, it's not a break. I am paying extremely high premiums. The guys who have had claims are just paying astronomical premiums. Where I am getting rewarded by Forestry Mutual for my workers' comp by having a safe record, I am not getting rewarded on the equipment. It's crazy."

Over his 18 years as a contract logger, Williams has endured the ups and downs of the industry with a smile on his face while he and his wife, Joni, have raised two children,

WPI IS FORESTRY MUTUAL'S MARKETING ARM

Wood Products Intermediaries (WPI), a subsidiary of Forestry Mutual Insurance Company and the marketing division of Forestry Mutual, coordinates the placement of insurance with any agent licensed in North Carolina or Virginia.

Wood Products Intermediaries strives to be agent friendly! WPI simply requests the current Accord applications along with experience models information and loss runs to start the quote process. Wood Products Intermediaries also has

initiated a new program for other coverage lines that are available to agents for their logging accounts.

Through arrangements with other carriers, agents can offer quotes for loggers for property, general liability, business auto, umbrella and inland marine for logging equipment. These also require Accord applications and loss runs, plus a supplemental application, which can be faxed to any interested agents.

Contact either Charlie DeBrito or Terri Smith for more information about the Wood Products Intermediaries at 1-866-755-0344. ■

FORESTRY MUTUAL IS NEW SPONSOR FOR NC LOG 'A LOAD

The Forestry Mutual Insurance Company was extremely proud to be named the new sponsor of the North Carolina Log 'A Load for Kids this past January.

Log 'A Load for Kids is a national fund raising program of the forest products industry for the Children's Miracle Network. By holding various events throughout the state on an annual basis, North Carolina's Log 'A Load for Kids program generates hundreds of thousand dollars for local participating children's hospitals.

Susan Ogden, Commercial Lines Assistant for Wood Products

Upcoming Events

4/25 River Landing Golf Tournament

4/27 Auction at Roanoke Lumber Co.

8/24 Sporting Clays at Hunter's Point

9/19 Joel C. Stevens Golf Tournament

Intermediaries, will be a source of information for the different area functions during the year. Forestry Mutual will publicize this program through mailings and its newsletter. Forestry Mutual has also established a toll free number (1-866-755-0344). In the future we will be developing Forestry Mutual's website to include information about the Log 'A Load for Kids. ■

Brooke and Richie. Williams' goals for his business have remained the same, however the climate in which he operates has undergone a substantial change in terms of public opinion.

"There's definitely more concern with logging because of areas like the Research Triangle and Chapel Hill," stated Williams. "They have a tremendous amount of people who have moved in from other states. People who have lived here all of their life do not have a

problem with logging. I would rather go anywhere on earth to log than the Chapel Hill area."

So in the face of these harsh economic realities, what keeps Williams from walking out on his logging business?

"I'm in too deep to get out," said Williams with a chuckle. "But really, I love it. I have always enjoyed a challenge and this is the most challenging and rewarding job you can have." ■



SAFETY ALERTS

by John Lemire
Director of Loss Control for
Forestry Mutual

The following incident reports are actual incidents that have occurred to Forestry Mutual policyholders over the past six months. These incidents are listed to serve as a reminder for all companies about the importance of safety in the workplace.

Manufacturing Incident Position

Molder Operator

Injury

Lost two fingers on his right hand

Background

Claimant was monitoring the molder when a four-inch by half-inch piece of wood broke off the tail end of a board and jammed under the chip breaker near the second side cutting head. He stopped the feed system and backed the board back out of the molder. He depressed the emergency stop and after it appeared that all the heads had stopped turning, he lifted the hinged side opening of the molder. He observed the side head on the opposite side that was in full view was completely stopped. However, the cutting head next to him was completely covered by a chip collector, and he could not see if it stopped rotating. As he pulled the piece of wood out with his right hand, he came in contact with the side cutting head that had not completely stopped.

Costs

1. Money to date: \$100,000
2. Permanent loss of two fingers

Unsafe Acts/Conditions

1. Claimant failed to lockout the machine and ensure a zero energy state.
2. Claimant did not verify that the side cutting head nearest him had completely stopped.

Preventive Measures Taken by Employer

1. A keyed lock switch has been ordered for this molder and will be installed on the control panel of the molder.
2. An opening was cut into the chip collector cover for the side head and piece of Lexan material now covers the opening to allow visual obser-

vation.

Logging Incident Position

Chainsaw Operator/Stumper
Background

Claimant suffered a traumatic injury to his head while stumping a 23-inch diameter by 60 foot long Black Gum tree. He completed his cut and began to retreat along the path he had prepared. As the tree fell, it broke a four-inch diameter by 10 foot long limb off of a Black Gum tree about 16 feet away. The limb split off at a sharp crook and traveled about 45 feet before striking him on the top, left side of the head. The falling limb's impact limb did not break the hardhat.

Costs

1. Monetary to date: \$1,420,000
2. Potential loss of motor skills and memory, vision in the right eye

Unsafe Acts/Conditions

1. Failure to see that the tree being felled might break out limbs of adjoining trees.

Sawmill Incident Position

Vice President, maintenance

Injury

Skull Fracture

Background

The V.P. and two other mechanics were replacing a 200 hp motor on a horizontal resaw. A three-foot by eight foot section of catwalk was cut out with a torch and then removed so that the motor could be lowered to the concrete mill floor. The next day the V.P. was on the catwalk servicing the resaw. The catwalk section was still removed and the opening uncovered. A witness saw the V.P. turn and lose his balance, then fall over nine feet to the concrete floor. He suffered severe head injuries.

Costs

1. Monetary to date: \$200,000
2. Possible loss of memory and speech.

Unsafe Acts/Conditions:

1. Failure to secure the opening on an elevated catwalk surface.
2. Failure to use fall protection. ■

THE SAWSHOP

by Brian Wagner
Chainsaw Trainer for
Forestry Mutual



Welcome to the SawShop! The SawShop will appear on a regular basis and will explore technical and safety issues dealing with chainsaws.

Like people, it is important for chain saws to breathe. Any two-cycle motor relies on three basic things to operate, including fuel, spark and air. And to function properly, this motor must have an ample supply of air.

For example, a 72 cubic centimeters chainsaw uses 72 cc of air every time the motor makes a revolution. At 13,500 revolutions per minute (RPM's), it doesn't take a rocket scientist to estimate the massive amount of air that is required to make this motor run at peak performance. But for those mathematicians in the crowd, 72 cc times

13,500 RPM's would equal 972,000 cc's of air per minute. To dramatize what this equation states in real terms, consider that an averaged size room would be completely deleted of air in just one minute.

To ensure that our saw is obtaining the necessary air, it is critical that we keep the saw's air cleaner fresh. Use the manufacturer's directions for maintaining your saws air filter. If the filter can't be properly cleaned, replace it. This is the first step to insuring a properly performing chainsaw.

In future issues, we will discuss carburetion and adjustments. If you have any questions arising from this article or if you would like to schedule training, call Bryan Wagner at 252-916-3376. Until next time, safe sawing. ■

THE YEAR IN REVIEW

Forestry Mutual made a successful expansion into Virginia in 2001, having written over 900 policies. Despite the tough economic times, Forestry Mutual has written over \$1 million in new business since January.

Forestry Mutual's success can be attributed to its comprehensive service and hands-on approach to its clients. Firstly, Forestry Mutual seeks to lead the insurance field with the most competitive pricing for all insurance needs. Secondly, Forestry Mutual prides itself on its loss control program, which is an educational program aimed at reducing injuries on the job. To this end, Forestry Mutual employs one chain saw trainer and one manufacturer trainer to conduct training sessions. Mutual's field staff carries the latest in safety equipment for purchase from site to site to its policyholders. Policyholders are able to sign up for training, order safety equipment, MSDS sheets, or safety topics directly from its web site, www.forestrymutual.com.

With the addition of its own sales agency, Wood Products Inter-

mediaries, Forestry Mutual has been able to expand its range of coverage for our loggers.

Forestry Mutual took the initiative in 2001 by establishing the Timber Equipment Application Management (T.E.A.M.) group that is committed to investigating the causes and possible solutions to the escalating insurance rates on heavy equipment vehicles. All of these groups expressed an interest in working towards solutions both in vehicle design, maintenance and practices in the field to slow the rate of loss to fire damage.

At the conclusion of 2001, Forestry Mutual recognized three businesses with the E.K. Pitman Safety Awards and recognized its top-producing agency for 2000. The Sawmill of the Year Award went to Bill Baker of Brittain Lumber in Statesville. The Manufacturer of the Year Award was presented to Todd Warfford of Todco Inc. in Lexington. The Logger of the Year was awarded to Richard Williams of Williams Logging in Moncure. Forestry Mutual recognized Larry Wright of Aarow Insurance Company as the most productive agent. ■

EQUIPMENT FIRES DRIVE RATES UP

With insurance rates on forestry heavy equipment going through the roof, Forestry Mutual President Keith Biggs called for a summit meeting last Spring with all those impacted by the policy rates including loggers, fire suppression manufacturers, insurance companies and logging equipment manufacturers.

"We thought we had a problem," stated Biggs, "and judging from the turnout, we were correct."

The group set out to identify the potential fire sources and then discussed the realm of preventative measures from operating procedures to technical design of the machines.

The group ultimately concluded that while the possible combinations of fire sources and fuel are numerous, education programs would go a long way towards curbing the damage total with both preventative care and fire suppression.

By opening the communication lines between manufacturers, insur-

ance companies and owners, the goal is to ultimately reduce the policy rates by reducing the amount of total loss fires. The diversity of the group really paid dividends in this area since it allows the education process to begin at the start by including fire safety points in the owner's manual. Insurance companies can reinforce further training by developing fire safety programs with operators.

This group has adopted the operating name, T.E.A.M., which stands for Timber Equipment Application Management and is a reflection of the sentiment of the group. Biggs cannot recall a more cooperative effort among different elements within the forest products industry.

"We had competitors sitting side-by-side accepting design suggestions and showing a willingness to share ideas about how to improve their machines," stated Biggs. "That doesn't happen every day."

The T.E.A.M. will meet again in April. ■



Forestry Mutual Insurance Inc.
1600 Glenwood Ave.
Raleigh, NC 27608

OUR STAFF

FORESTRY MUTUAL INSURANCE

Keith Biggs President (800) 849-7788
 Coy Baker Operations Manager (800) 849-7788
 Neill Cox Comptroller (800) 849-7788
 Tony Havens Field Rep. – Area 3 (910) 497-8168
 Chris Huff Field Rep. – Area 1 (919) 469-2840
 Tammy Hudgins Office Manager (800) 849-7788
 Matthew Humphries Field Rep. – Area 11 (919) 210-9776
 Greg Jarrett Field Rep. – Area 4 (336) 249-0445
 John Lemire Director of Loss Control (800) 849-7788
 Roscoe Little Field Rep. – Area 2 (252) 752-3103
 Carl Lynch Field Rep. – Area 10 (252) 532-2775
 Jimmy McCraney Safety Trainer (800) 849-7788
 Carolyn Smithwick Accounting Coordinator (800) 849-7788
 Bryan Wagner Chainsaw Trainer (800) 849-7788
 Bryant Wells Field Rep. – Area 5 (704) 730-1122

**To reach Forestry Mutual, call 1-800-849-7788
or go to www.forestrymutual.com.**

WOOD PRODUCTS INTERMEDIARIES

Charles DeBrito Marketing (866) 755-0344
 Jimmie Locklear Logging Program Coordinator (866) 755-0344
 Susan Ogden Commercial Lines Assistant (866) 755-0344
 Terri Smith Commercial Lines Manager (866) 755-0344

**To reach WPI, call 1-866-755-0344
or go to www.forestrymutual.com.**

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