



FORESTRY MUTUAL NEWS

Newsletter of the Forestry Mutual Insurance Company

Vol. 10, Issue 2

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FROM THE PRESIDENT'S DESK...

Forestry Mutual has just been upgraded for the second consecutive year by A.M. Best from a C++ to a B- company. This has been a long journey for a small insurance company.

With this good news, I would like to thank our loyal policyholders as well as our core agents for believing in our company and helping us with this progress. One group I always fail to mention during this review process is our Board of Directors that stood steadfast in their commitment to this organization. We appreciate their support and guidance in shaping our company into the industry leader it has become in terms of safety training and insurance service.

Our company ended the 2010 year with one of our best "loss" years on record. In spite of the tough economic conditions surrounding our industry, we were fortunate to actually grow our business through new policyholders in what continues to be an extremely soft market. A soft market is one where the competition for premiums is extremely competitive. We grew in every state, especially in our newest state, Tennessee. Our reserve fund at the end of 2010 increased to just over \$14 million.

Our company continues to focus on providing quality safety training to our policyholders on an individual basis and to all forest products professionals through our participation in the ProLogger Program and other educational outreach opportunities with other logging programs such as Sharp Logger.

Keeping with this commitment to safety, I am concerned about the amount of tornado damaged timber that is out in the woods in both North Carolina and Virginia. Working in the woods in hazardous enough without throwing in the problems storm damage can create in the canopy and on the ground. We sincerely hope that our policyholders assigned to work in these storm damaged



Keith Biggs

areas utilize the tools and training they have learned from our safety trainers and representatives over the years.

Also, a note for your calendar. The Mid-Atlantic Logging Expo is being held just outside of Smithfield, North Carolina, this year on October 7-8, 2011. This site can be reached via I-40 and I-95.

I know I have already said this on numerous occasions, but I would like to express my gratitude to our policyholders for a job well done this past year. We also like to thank those loyal policyholders that have been with us over the years. Our company's success depends on your diligence.

Sincerely,

Keith S. Biggs

MID-ATLANTIC EXPO COMING IN OCTOBER TO SMITHFIELD, NC AREA

The Mid-Atlantic Expo will take place on October 7-8, 2011 on a forest tract located less than 10 miles north of Smithfield, North Carolina. The two-day event replaces the Carolina Log'N Demo and it will feature the latest equipment, discussions on emerging markets and of course, Forestry Mutual's Logger Challenge.

"We expect to have another strong field of competitors," stated Forestry Mutual's Bryan Wagner. "Loggers will qualify for the event throughout the year. We expect the competition will come down to the final event - the felling competition."



Forestry Mutual's Logger Challenge will once again be one of the highlights of the Mid-Atlantic Expo.

The event is being sponsored by Hatton-Brown Publishers, the North Carolina Forstry Association (NCFA) and the North Carolina Association of Professional Loggers (NCAPL). Show sponsors hope that the new two-day format will allow more interaction with participants and vendors. The live demonstrations will feature the latest equipment and how machinery can help loggers generate an assortment of products for an ever-changing forest products industry.

Expo tickets can be purchased at a discount by going online at <http://midatlantic-logging-biomass-expo.com>. Online tickets are \$10 but they will also be available at the gate for \$15. Tickets are good for both days of the expo. Children 16 and under are FREE. Exhibitor guides can be obtained by calling Doug Duncan with the NCAPL at (919) 271-9050 or by going online.



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THE SAWSHOP

by Bryan Wagner
Chainsaw Trainer for
Forestry Mutual



THE CHALLENGES OF STORM SALVAGE

Saturday, April 16, 2011 is a date that will be long remembered. On this date the south-east was ravaged by a tornado outburst and severe weather catastrophes. Our prayers go out to the families impacted by this huge system. The loss of life and property was staggering. After such a tragedy, we must pick ourselves up and try to move onward. Salvage, after the fact is very dangerous to forest industry employees. If at all possible, let the storm damage rest. As time passes the tensioned fiber will relax, and will be a little more “forgiving” in the terms of the stored energy that is to be released. Let’s take a look at what we should be focusing on when doing a salvage operation. Above all, do not expose an employee to risk by putting them on the ground if the job can be done mechanically!!!



Forestry Mutual Chain Saw Trainer Greg Helton took on three challenging trees both in terms of size and lean during the ProLogger class held in Winston-Salem in June.

OVERHEAD HAZARDS

Overhead hazards should be our first focus during the salvage process. Incidents involving objects from above prove to be catastrophic. Overhead hazards expose the employee to upper body trauma, including the head and neck area that can lead to tragic consequences. Please review the HEADS UP FOR SAFETY program with your crew. LOOK UP!!!

- Use proper head PPE
- Look Up and Out for possible risk.
- Don’t put your body under anything that can fall or roll, this includes logging equipment.
- Maintain proper distance from all felling operations. (two tree lengths)
- Be seen, be visible!! Wear high visibility clothing.
- Practice proper felling techniques. Use your five-part felling plan!!

Tension wood or wood in a bind is a real risk for the saw hand during the salvage job. The limbing and topping activity on a logging job has a 5 part plan just as the felling operation does. The limbing plan is similar to the felling plan in that it deals with the body position of the employee. If

(continued on back page)

IS YOUR EQUIPMENT ADEQUATELY INSURED?

by Nick Carter, Forestry Mutual

With the ups and downs of both the economy and the industry, we strive to ensure that some of our greatest assets are adequately protected. Have you ever thought what would happen if you had a total or partial loss and the insurance premiums you had paid throughout the years would now pay you back for the loss? Don’t get stuck wishing you had insured your equipment for more than you did after you have a loss.

Annually at renewal you have the option to depreciate your equipment to what the unit is currently worth in the marketplace. The big question is what actually is my unit worth?

The best way to depreciate your equipment is to talk with your local dealer and determine what the unit is worth under the current market conditions. For each state we insure in, the values of equipment vary due to local dealerships, brand of equipment, type of equipment used for the terrain, etc.

Most carriers write the equipment on a replacement cost (RC) basis with an 80% coinsurance clause. Coinsurance is defined as the percentage of value that the policyholder is required to insure the unit for, based on market value. Some people confuse this term with co-pay. This has nothing to do with the coinsurance clause. So what does this really mean when I value my unit?

When written on a (RC) basis with an 80% coinsurance, then each unit must be insured to 80% of what it would cost to replace it. Failure to do so can result in a reduced claim payment, most commonly referred to a coinsurance penalty. So let’s put this in perspective through both bad and good scenarios:

Market Value	Insured Value	Loss	Payment
Unit A: 150,000	125,000	TOTAL	125,000-Deductible
Unit B: 150,000	150,000	TOTAL	150,000- Deductible
Unit C: 150,000	110,000	50,000	36,667- Deductible
Unit D: 150,000	185,000	TOTAL	150,000-Deductible

Unit A is valued at 125,000, meets the 80% coinsurance clause but the market value is at 150,000. The insured only gets paid the 125,000 because this is the policy limit for that unit. Unit B meets the coinsurance clause because it is valued at the market value so the insured is paid the total amount due. Unit C sustained a partial loss but did not meet the 80% coinsurance clause requirements so the insured was paid a portion of the loss. $EX: 110,000/150,000 = .73\%$ $73\% \times 50,000 = 36,667$. Unit D is valued above the market value of the unit, so it definitely meets the coinsurance requirement. Due to the market value being below the insured’s value, the insured only gets paid the market value and has paid excess premiums on this unit due to over insuring it.

Be aware of what coinsurance clause your policy is written under as 80% is common but 90% and 100% are not out of question. Secondly, make sure you are valuing your equipment to the market values in your area to ensure you avoid the coinsurance penalty and to make sure your logging equipment is adequately insured.

If we can be of service to you, please contact us at 919-755-0344 or toll free at 1-866-755-0344. 📞



SOUTH CAROLINA LOGGER OF THE YEAR



Brothers Willy Koth (far left) and Bunky Koth (far right) pose with their Honey Hill Timber Company Crew. Honey Hill Timber Company was Forestry Mutual's Logger of the Year in South Carolina in 2011.

FIRE SAFETY AT WORK

by Jim McCraney, Forestry Mutual

Fire safety in the workplace should be a major concern for everyone. According to the National Safety Council, losses due to workplace fires in one year totaled \$3.1 billion and cost the lives of 360 employees. There is a long and tragic history of workplace fires in this country. One of the most notable was in Hamlet, North Carolina, where 25 workers died in a fire in a poultry processing plant due to problems with fire exits and extinguishing systems.

During workplace inspections, I routinely check to see whether Policyholders are complying with OSHA standards for fire safety. The standards require employers to provide proper exits, fire extinguishing equipment, emergency and fire prevention plans, and employee training to prevent fire deaths and injuries in the workplace. So, let us review some of the most overlooked requirements that I routinely observe.

Workplace facilities must have at least two means of escape remote from each other to be used in a fire emergency. Fire doors must not be blocked or locked to prevent emergency use when employees are in the buildings. Exit routes must be clear and free of obstructions and properly marked with signs designating exits from the building.

There must be a full complement of the proper type of fire extinguishers for the fire hazards present. Employees that are expected to use fire extinguishers must be trained annually on how to properly operate the extinguishers and what procedures to follow in alerting others to the fire emergency. The extinguishers must be kept in good operating condition and a documented monthly inspection of this equipment is required.

Employers are required to develop and document an emergency action plan for evacuation of employees which describes the routes to use and procedures to be followed by employees. Also procedures for accounting for all evacuated employees must be part of the plan. A means of alerting employees to a fire emergency must be part of the plan and an employee alarm system must be available throughout the workplace. The alarm system may be voice communication or sound signals such as bells, whistles or horns.

A written fire prevention plan is required to identify areas, jobs, and equipment that are the most susceptible to fire hazards. Deterring fires from occurring is the main purpose of the plan. Procedures must be addressed



SAFETY ALERT

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

SAFETY FOR OPERATORS AND TRUCK DRIVERS

Each quarter we do a claims review and compare our current losses to previous years. Over the past three years, the number one area we identified as having the most severe claims is trucking. Owners know that this is the one aspect of the logging or manufacturing operation that you as the boss have the least amount of control over. Once the driver leaves the job site or the deck, he or she is basically unsupervised. A few years ago we found that about 60% of the claims involving log trucks were due to the driver's error. However, in the last three years we have seen the numbers invert and now 60% of accidents are due to the other vehicle driver's errors.

One of the major problems for you, the owner, as well as the carrier is that the other drivers typically carry the states minimum limits. In most states, that is around \$25,000 to \$30,000 worth of coverage. Since this is such a small portion for covering injuries, the bulk of the loss goes back to the carrier. There are several things that we can do as a preventive measure to help matters. First, if you are looking at hiring a new driver, have the applicant bring his or her MVR. They can get it from the DMV office. Review the record for trends. Second, and it is required by law, have your drivers drug tested. Forestry Mutual has a contract with NTA (Nationwide Testing Association) to put all of our policyholders drivers in their pool for the random. They will also provide you with a turn-key drug policy at a minimum cost. Using NTA can give you a 20% savings on collections and testing.

Truck drivers have been a continued focus for safety for us. As we continued our in-depth review of the claims, it was noticeable that many of the same drivers are getting injured on the job site as they mount and dismount equipment. Every individual must be told to use the three points of contact to mount and dismount any equipment from trucks, skidders, loaders, fellerbunchers, etc., in the woods or trucks, forklifts and other equipment used in sawmills. Two hands and one foot or two feet and one hand must always remain in contact when mounting or dismounting a vehicle or piece of equipment.

Line of sight is another issue we deal with when injuries occur. Some equipment have natural blind spots and operators/drivers must be aware of them. We have had several injuries where individuals were hit by skidders because the operator lost sight of the ground person. We experienced a fatality in the woods last year when a service truck ran over an employee as the driver was backing up. The driver did not see the man in the mirrors and the size of the truck made it easy to lose sight of the man. Always use caution and spotters on vehicles with blind spots when backing up. 🌲

for controlling workplace ignition sources such as smoking, welding, and burning. The proper storage of flammable materials should be identified to include emergency clean-up procedure in the event of a spill. All employees must be informed on the potential fire hazards associated with their job and the fire preventive measures documented in the fire prevention plan for that job. The plan shall be reviewed with all employees and whenever there is a change to the plan.

Fire safety in the workplace is vital to the safeguard of all employees. There are standards enforced to assist employers in identifying and deterring fire hazards. Knowing and applying fire safety requirements will enhance your operations and establish a safe "fire resistant" workplace. Should you need any assistance in developing emergency and fire prevention plans please call our office at 800-849-7788. 🌲

The Challenges of Storm Damage...(from page 2)

the saw hand isn't on the "bad-side" he isn't injured there!! Please review the limbing and topping plan.

- Scan above for overhead hazards
- Look for spring poles
- Determine the side load of the stem. Don't expose your body to the bad side of the stem. (tensioned side)
- Check for front or back load. Where is the stem going to if released?
- Check the position of the butt. What is the root ball going to do if released?

Proper, safe working distances are a concern during the salvage operation. Logging equipment can be used to reduce the risk to ground personnel during salvage activities. Machines can be used as shields, or can be used to secure stems that may have stored energy. It is worth stressing AGAIN, do not expose ground personnel if the job can be done mechanically!!!

- Proper PPE is mandatory.
- Wear high-visibility clothing. (If I can see you, I won't hurt you!)
- Keep 2 tree lengths from all felling operations.
- Maintain proper distance from skidding operations. Saw hands should use "shield trees" to limit the risk during skidding activities.
- Machine operators should never enter a "safe zone" for ground men.
- Be aware of "blind spots" on all logging equipment.
- As always, be aware of hazards on the logging deck or landing. The deck is a busy place with a lot going on in a limited area. Slips-Trips and Falls are a concern especially when the bark is slipping.

Tornado and storm damage work adds risk to an all ready dangerous job. There is no way to salvage timber "fast". High production crews must realize that they won't get their "normal" production while doing a salvage operation! Timber buyers and consultants should be mindful of the risk of what they are looking at, and what "promises" are made to the land owner. Risk levels to the salvage crew can be reduced by making good decisions. Please take the time review safe work plans and techniques with your crew. As always, be safe out there, log with care! 🌲



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