



FORESTRY MUTUAL NEWS

Newsletter of the Forestry Mutual Insurance Company

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FROM THE PRESIDENT'S DESK

After experiencing some heavy claim losses in 2003, we are pleased to report that we posted one of our best years in 2004. There were several elements to our success last year, but maybe the top reason for a safer 2004 was our zero tolerance stance on lock and tagout. It is our goal at Forestry Mutual to protect the core of outstanding business that we insure. The only way we believe we can protect this group is to only allow coverage to those businesses that emphasize safety as the number one priority.

As a result of the combined diligence of our policyholders and staff, we made great strides in improving our reserves in 2004. Our loss ratio for 2004 was 40% and is currently 21% for 2005. We lowered our total claims from 2003 to 2004 by 302. The more significant number is the number of losses over \$100,000. In 2002, we had incurred 32 claims over \$100k, in 2003 we had 25 and in 2004 that number dropped to six. We

dropped our payroll exposure by over \$300 million and kept our estimated premium over \$15 million. At the end of 2003, our surplus had dropped to \$5.3 million. Currently our surplus is over \$8.6 million. This surplus is one of the principle factors in the ratings of an insurance company.

In 2004, A.M. Best rated us as a "C" with an unfavorable forecast. The rating has been upgraded in 2005 to a "C" with a stable forecast. Going forward, we now understand that A.M. Best is quick to drop a rating and slow to return it. We feel like with another successful year, we will regain our "B" rating. Our theme going forward is to stay the course. So far in 2005 we have written 43 new accounts.

We appreciate the support given to us by our policyholders during last year and look forward to many more years of servicing your accounts. As always, we appreciate your business and if you have any questions, please call me at (800) 849-7788. ■

SERVICE AND STYLE FASHION WOOD PRODUCTS INTO A SUCCESS

When Ron Cox graduated from the University of North Carolina at Chapel Hill in 1971 with a Recreation Administration degree, he fully expected to spend his time on diamonds and courts not in bathrooms and kitchens.

Cox, who went to UNC on a baseball scholarship, played centerfield for the Tar Heels, accepted a position as the City Parks & Recreation Athletic Director in High Point. For Cox, it was a perfect position for the Greensboro native – on paper anyway.

"I was working in High Point with the recreation department," explained Cox. "I had been there for about six years. I wasn't real happy because I guess my skin was not thick enough. Mostly what I got was complaints for things that I really didn't have any control over."

Tired of complaints about umpires, field conditions and various other issues, Cox found a new direction for his career in his college roommate and cousin, John Thomas, who was contemplating starting a cabinet business in Raleigh.

"We started back in August of 1977," explained Cox. "John wanted to start a cabinet business, but we really had no cabinet making experience at all."

The company, Wood Products, Inc., was started by four partners: Ron Cox, John Thomas, Carl Carlson and Don Gobble. By 1979, just two years into incorporation, the company moved to its present location on North Harrington Street, putting it just a few blocks



Ron Cox poses with a few samples of the custom cabinet doors made at Wood Products, Inc.

from the State Capitol in Raleigh. It was not an easy start for the college cohorts.

"It was a struggle," stated Cox while shaking his head as he recalled those early years. "It took us a while for (continued on page 2)



Veteran Crew: (l-r) Robert Keener, Curtis Bradges, Ron Cox, Tracy Guy, Bruy Liles, Matt Cox and Patrick Fullwood.

us to get going. We knew what we wanted to do, and we finally got our name into some of the builders that were established.”

By tapping into a network of architects and builders, Wood Products quickly earned a reputation as a dependable, quality cabinet maker in the Raleigh-Durham area.

During these early stages, the tandem of Cox and Thomas and their different approaches towards the business really grew the business.

“John and I are not only cousins,” explained Cox. “We are good friends, but we have contrasting strengths. I am the everyday, keep the place going type of person. John is more into research and development. He would go out to auctions looking for machines. It didn’t have to be new for him. It was a challenge to buy an old machine and make it work.”

Thomas’ willingness to take on a challenge helped the young company acquire much of the equipment that it still relies on today. Cox’s ability to administer the business operations is the reason why equipment such as the panel saw, which is over 20 years old, is still operational.

Thomas was also not afraid to push the envelope on the styles of cabinets. In the early 1980’s, Thomas and Cox decided that they would explore the possibility of producing a European style cabinet, which showcases the fronts of the doors and does not show the face frame which is a standard of the American style cabinet.

“Back in that time,” explained

Cox, “that was a real change for some people. We actually had builders who said, ‘No, we want the traditional looking cabinets.’ It took us a while to get people to jump over to that style and we were pretty much at the front of the line around this area for that product.”

While this collective creativity brought the company recognition, it also led to its eventual split.

“John started getting interested in curve moldings in the early 1990’s,” stated Cox. “When he started developing the curved arches, he was still with Wood Products, but in 1996, we actually split the two companies.”

Thomas formed a new company, entitled Curve Makers. Cox, who had grown into his role as a cabinet maker, decided to stay with Wood Products, serving as its President from that point until today.

“We still work together,” explained Cox. “He needs things that I do. I need things that he does. We still service the same customers on some occasions.”

The creation of two companies essentially proved to expand the Wood Products reputation even further. Nowadays, Wood Products has established itself as one of the top cabinet makers in Raleigh, providing service to the affluent area encompassed by the 440 Beltline that is referred to as “Inside the Beltline” as well as working with new development in the Raleigh-Durham area. The company has a total of 10 employees. Cox figures that his workload at this point is probably

(continued on back page)

THE SAWSHOP

by Bryan Wagner
Chainsaw Trainer for
Forestry Mutual



LOOK UP!

Overhead hazards are a clear and present danger in our forest industry. Our industry on a daily basis deals with height, weight and gravity issues. When something goes wrong, these properties are proven killers to our woods workers. Catastrophic injury and death are the results of overhead hazards. We must fight the risk from above by being alert and aware. Safety briefings by management can help keep awareness at a good level. Overhead hazards are a “team” battle. Our logging crews or teams can reduce the risk of overhead hazards by working together. Overhead hazards must first be spotted or identified. When a hazard is found, proper decisions and actions can defuse the risk. The process starts by **LOOKING UP!**

- Proper, well maintained head protection (hard hats) are required and mandatory on a logging job. This includes anyone on the ground, outside the protection of equipment that is equipped with ROPS and FOPS. Equipment operators are encouraged to wear head protection even while in the safety of an enclosed cab. Hard hats can prevent injury in the case of machine roll over, or from sudden, unplanned stops.
- Look Up and Out! Scan your ground travel path at least 50 ahead of you. Scan at least 100 feet ahead for overhead hazards.
- Don’t place yourself under anything that can move due to gravity or the loss of hydraulic pressure.
- Maintain at least two tree lengths from any felling area. The industry standard for the two-tree length rule is 300 feet, or 100 yards. This distance can be highlighted in safety meetings, one hundred yards is a common rifle sight-in range. One hundred

yards is the length of a football field.

- Be Visible! Be Seen! Make yourself visible by wearing high contrast clothing and high visibility safety colors.
- Never walk into a work area with running and moving equipment. Equipment must be stopped, engine cut-off, and all hydraulic implements grounded.
- Use proper felling techniques. Directional felling techniques reduce the risk of “struck-by” accidents. Proper notching and adequate hinge wood insures a timber cutter’s safety.



Forestry Mutual’s Bryan Wagner checks for overhead hazards during a training exercise at Howell Woods.

Take the time to review the risk of overhead hazards with your employees, or team. Heightened awareness reduces the risk of injury or death to our woods workers and loved ones. For “in-woods” training and education, contact Bryan Wagner. Training is provided free of charge to Forestry Mutual account holders. Continuing education credits are awarded upon the completion of training. Remember, **Look Up and Live!** ■

WHAT YOU SHOULD KNOW ABOUT CRIMINAL LIABILITY

By Jimmy McCraney, Safety Trainer for Forestry Mutual

You should be aware that there is an increasing trend toward pressing criminal charges against employers, managers, and supervisors when safety and health violations result in the serious injury or death of an employee.

Recently, an employer was fined \$140,000 and a supervisor was sentenced to a year in jail after an employee was electrocuted. The employer had received notifications and several warnings that no work was to be done until a power line crossing the facility was de-energized (locked and tagged out) prior to any work being accomplished.

Despite the warnings, the employer failed to correct the situation and this led to a grave situation that could have been avoided. The supervisor having knowledge of the hazardous situation, neglected the de-energize warning and instructed an employee to operate a company truck. The supervisor then, guided the truck across the yard and directed the driver to raise the truck bed under the energized power lines. The driver was severely burned and died at the scene.

There are several causes that recently lead to an increase in job-related injuries and fatalities. Most notable was the lack of direct supervision. Management and supervisors must be involved in planning and directing daily work activities and knowing the hazards of the workplace. Getting involved in all aspects of the job; correct known hazards, conduct workplace safety inspections, perform job assessments for unknown hazards, ensure employees wear proper personal protective equipment, and enforcement of safety policies and safety rules.

The law is clear, employers and

supervisors must make the safety of employees a high priority. A thorough evaluation of all operations and safety programs must be completed to make sure they are in compliance with state and OSHA regulations. Establish procedures to follow in the event of a health or safety incident or situation in your workplace.

Develop and implement a plan on recording and responding to employees' safety and health concerns. Ensure the responsible level of management is involved and knowledgeable enough to deal with the situation. Follow-up all concerns and look for details that could result in corrective action. Lastly, never neglect to provide feedback to employees on the progress of their concern(s).

Make it clear to your employees that you are responding to their concern. Clearly and completely document all concerns and responses. Place a record in the appropriate subject file and make sure data can be retrieved easily.

Make sure your employees are aware of all possible hazards through verbal, written, and posted warnings; take special care with employees who have disabilities or difficulties with English. The use of an interpreter may be necessary to ensure those who do not understand the English language fully understand your safety policies and rules. Develop a plan for handling a crisis and make sure your employees know their roles in carrying it out.

The best defense, of course, is prevention, and the best preventive measure is to enforce accepted safety standards strictly and never cut corners where health and safety are concerned. Know your responsibilities; don't get caught up in a "Criminally Liable" situation. ■



SAFETY ALERT

by J.J. Lemire

Loss Control Representative
for Forestry Mutual

FOLLOW ZERO ENERGY LOCKOUT PROCEDURES WHEN WORKING WITH SINGLE OR MULTI-HEAD HORIZONTAL BAND RESAWS

BACKGROUND:

B Recently, we had two injuries from resaws, both happened when employees failed to shut down the machines prior to clearing jams or replacing hoses on discharge chutes.

PERSONAL CHARACTERISTICS:

Injured #1 - The 37 year old, non-English speaking, male employee had only 17 days on the job. He was clearing a jam at the discharge chute when it became stopped up.

Injured #2 - The 36 year old, English speaking, male employee had 19 months of experience working in a pallet manufacturing facility.

UNSAFE ACT/CONDITION:

Injured #1 - While the resaw was running, the employee, not thinking, stuck his hand in the discharge chute to rake out the jammed sawdust.

Injured #2 - This employee ignored the warning signs and was injured as he placed the hose onto the discharge chute while the resaw was running. The blade broke and shattered into small pieces.

ACCIDENT INFO:

On each band blade beside the motor is a six-inch dust chute. This dust chute is designed to pull the dust away from the machine. Hooked to each dust chute is a flexible pipe that goes to a main duct that then feeds to a dust bin or trailer. The dust chutes are located so that if the band breaks at the right instance the blade will shoot into the chute and stop. On all models the dust chutes are located near the running blades.

INJURY:

Injured #1 - His right ring finger is amputated to the first joint and he fractured his middle finger.

Injured #2 - He received a severe laceration to the left forearm from the broken blade requiring over 30 stitches.

RECOMMENDATIONS FOR CORRECTION:

1. Follow "Zero Energy" lockout procedures. The machine must be shut down and locked out prior to sticking any body part inside a machine.
2. Employees must be trained in all aspects of machine operation and maintenance, including how to safely clear a jam. Emphasize that you never stick your hand inside a running machine.
3. A review of several different manufacturers' horizontal band saws (resaws), revealed that many have the same style discharge chute. The blades are within reach if you place your hand inside the chute. **YOU MUST SHUT THEM DOWN BEFORE WORKING AROUND THE DISCHARGE CHUTE.**
4. Discharge chutes should be angled down and/or lengthened to keep hands away from the blades in case an employee fails to shut down the saw. ■

Carolina Log'N Demo
September 24, 2005
Vass, NC

Wood Products...(from page 2)

an even split between new development and remodeling projects.

"We do it both ways," stated Cox. "We do quite a bit through builders, we have certain builders that we do all of their work for. Also, an individual or an interior designer can bring people in and we work with them."

One such interior design specialists, Pamela Thomas, is a former Wood Products sales person. While Thomas is no longer an employee at Wood Products, she remains a good friend and solid source for referrals for Cox.

"We both benefit," explained Cox with a chuckle. "It's kind of strange setup, but we both really benefit from the arrangement. She is a big part of our sales. It's working unbelievably well."

And while referrals from his former partner, a former employee and architects such as Carl Gaskins create new opportunities for Wood Products, one of its top referral programs is the return business of satisfied customers.

"We've been here a long time," concedes Cox. "In some cases, we are starting to see customers from 15 or 20 years ago who are looking to update or remodel."

In 2004, Wood Products was recognized by Forestry Mutual for its outstanding safety record with an E.K. Pitman Safety Award. When discussing his company's safety record, Cox takes an honest approach.

"We didn't do it very well to begin with," stated Cox, "but eventually we realized that it is a lot easier to go ahead and do it than just try to get by."

Being located "Inside the Beltline" might be great for business, but not for safety inspections.

"We have been inspected more times than I can remember," stated Cox. "We are too close to them. We are right in their backyard. They send people down here to practice on us."

Along with this diligence towards safety, Cox credits the veteran nature of his staff as one of the real keys to his company's safety record.

"I have guys who have been here for 15 to 20 years," stated Cox. "They know what we are doing. They know what the system is and it works pretty well. But, I will say that safety is something you just have to stick with. It doesn't come easy."

Safety is a hurdle that Cox and his company have cleared with success in the past, but this former

centerfielder turned cabinet maker sees a few more challenges on the horizon for his company. After 28 years in the field, Cox is comfortable with Wood Products' position in the community. Now it's just a question of setting the course for the next 28 years.

The most important step in that direction will be his next location. He currently leases a 12,000 square foot facility that is in the direct path of a growing string of old manufacturing facilities that have been refurbished and turned into upscale restaurants.

For Cox, the people that are frequenting these establishments are his client base. However, he is realistic enough to recognize the possibility of being relocated once the restoration is on his facility's doorstep.

"I don't want to put a whole lot into a new showroom here, which I desperately need, because this area is really developing," stated Cox as he makes a motion towards the string of restaurants up the street from his place. "It is just coming right down the hill. This is really prime property right now."

Despite some challenges, Cox is optimistic about Wood Products

future. In his mind, the company cleared the largest obstacle to the company's success when it survived ~~the aftermath of the September 11~~ attacks which impacted the high-tech market and the Raleigh economy harder than any other event or recession that Cox can recall.

"In all the little dips we have had in the economy, it never really seemed to phase this area, but that one did," stated Cox. "People were losing jobs and the people who still had money, they just didn't want to spend it. We just sat here for a while."

He believes the local economy has turned for the better. His business has picked up and his walk-ins are eager to initiate new projects. Further incentive is the addition of his oldest son, Matthew, to his staff. Ron and his wife, Sandra, also have a son, Andrew, who will graduate from North Carolina State University this year.

"Our name is very good and trusted, but you still have to grow," explained Cox. "That's my biggest challenge - to continue to improve the facility and stay with the needs of the community. It's time to recycle the business." ■



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