



# FORESTRY MUTUAL NEWS

Newsletter of the Forestry Mutual Insurance Company

Vol. 14, Issue 3

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## FROM THE PRESIDENT'S DESK...

**I** am going to take this opportunity to talk about the one area that no matter what industry you are in is a problem and is definitely one of our major concerns.

Trucking throughout the United States is a major problem. In a time in our country where there is more freight moved by trucking than ever before, there is a severe shortage of quality truck drivers.

For the past five years this has been and continues to be one of our main loss leaders. Forestry Mutual called a meeting in July of all of our major auto carriers as well as loggers, truck manufacturers, association directors and others to discuss this problem.

The meeting was modeled after TEAM (Timber Equipment Applications Management) which was very successful in addressing logging equipment fires. This new group named TEAM Truck Safety can and likely will have a positive impact on issues impacting the transport of raw forest products

There are several issues concerning this matter. First and foremost is that our current driver force is having way too many incidents.

After speaking with the other carriers about their losses and reviewing our losses as well, it appears that speed is the number one cause of these incidents. There are other factors such as driver distractions. When we say speed it takes into account the driver not slowing enough for turns, or reducing speed to match the road conditions or weather.

We as an industry must find a way to get our current driving force to be more focused when driving. The number one thing the general public sees from our industry is the trucks hauling our products.

TEAM Truck Safety has decided that our first priority is get the current drivers performance better. We are hoping to achieve this by awareness, education and training. The one thing we must all realize if we do not do something the government will.

If you have any ideas have we can achieve our goals please feel free to contact me on my cell phone at (919) 880-1006.

Sincerely,

*Keith S. Biggs*



Keith Biggs

## FORESTRY MUTUAL INITIATES TEAM TRUCK SAFETY TASK FORCE

**B**ack in the late 1990's, loggers were suffering heavy equipment losses caused by fire, resulting in climbing equipment premiums. Forestry Mutual Insurance Company took a bold step back then to create the Timber Equipment Applications Management Task Force, which was shortened to TEAM Fire.

This group of loggers, insurance carriers and equipment manufacturers began meeting to discuss ways to combat these fire losses head on through improved logger training on the issue, increasing the awareness of the problem through printed materials/stickers and eventually a video production, and technical changes with the machines.

The success of TEAM Fire can be measured in the reduction in the amount of equipment loss to fire, the normalization of insurance rates, and in the significant changes manufacturers made in their equipment over the past 10 years.

"TEAM Fire demonstrates what can be achieved when everyone comes together for a common goal," stated Forestry Mutual President Keith Biggs. "People checked their egos and special interests at the door, rolled up their sleeves, and started working on solutions. And, it worked. We are much better off now."

With TEAM Fire as a starting point, Biggs and his Forestry Mutual crew decided it was time to take on truck safety – a constant worry for the industry that has risen in prominence in recent years. At one point, it was estimated that an overwhelming majority of log truck accidents were precipitated by an error by the passenger car driver. Recently, the pendulum of blame has swung more on the side of the truck driver. This is a trend the forest products industry cannot allow to continue.

"We need to do something," stated Biggs. "In almost all of the cases of a serious accident or rollover incident, excessive speed for the road or traffic conditions was the cause of the accident. Our drivers need to do better. It's not equipment

*(continued on page 4)*

# THE SAWSHOP

by Bryan Wagner  
Chainsaw Trainer for  
Forestry Mutual



## WHERE ARE YOU AGAIN?

**A**s our logging members know, Forestry Mutual field staff must visit your job at least once a year. We sometimes get amused at some of the directions given to us to get to the logging job. One of the classic set of directions goes like this. Get off the hard-top road; take the second left, by the old tree; go about two miles, take the fork to the left, there's an old Ford tractor with the hood off; go about one mile or so, there will be a yellow house with a big black dog in the yard, we are the second path to the left. Darned! If that big black dog wasn't in the fence, by the house!!! Sometimes, the loss control staff gets, "It's really complicated getting in here, meet me at the store, and you can follow me into the job."

While some of these stories are humorous, we need to think. When I get these types of directions to the woods, I often ask a question. How would you get first responders or an ambulance into this job, FAST? The question asked often gets the thought process going. I feel, two things have to be addressed here. You and your employees need to know exactly where you are. You and your employees need to know exactly where the nearest emergency services are located.



*Loggers should make sure they can direct people to their job site with good directions.*

We often hear first responders refer to the *Golden Hour*. If they can get an accident victim to a medical facility within one hour, the chances of saving a life increases dramatically. Exact, precise job directions aid in obtaining the Golden Hour. Nowadays, there are several "tools" available to help with navigation. GPS units and smart phones with GPS capability can pin-point a location fast. Usually, both units will recognize a physical address, and a latitude-Longitude coordinate to your location.

- Physical address can be taken from a nearby mail box.
- Physical address can be taken off the plot map of the tract you are cutting.
- Longitude/Latitude coordinates can be obtained from your GPS or smart phone.
- Post written, exact directions to the job in the service truck or loader, preferably both!
- Locate a suitable Landing Zone (LZ), on the job or nearby, should Life Flight need to be called.
- Make sure your "Trucks Entering" signs are up, this helps greatly in identifying your entrance.
- Use your Logger Safety Check List book. There is a page dedicated to local emergency numbers. Make several copies of the one page since most loggers change locations frequently. If you don't have a book, ask your field representative, he will get you one.

I'll leave you with a recent humorous set of directions. We were following directions to the job. One of the directions called for, look for the goat on the front porch; take the next left, we are two miles down on the right. Again, that darned goat was on the porch!!! As always, be careful out there! ■

# WORKERS COMPENSATION FRAUD IS PROBLEM

by Jimmy McCraney, Forestry Mutual

**O**ne aspect of our loss control staff involves claims investigations. Each year hundreds of accidents are investigated to precisely document how and why an employee sustained an injury. We compile this information to analyze what jobs in all aspects of the logging and wood manufacturing industries are sustaining injuries. This assists us in placing emphasis in those areas when we conduct on-site safety inspections and safety meetings with our policyholders.

However, there are times when the results from some investigations leave our policyholders (and ourselves) a little suspicious as to exactly how and when the accident occurred. Meaning, did the accident really occur how and where the employee stated?

Most workers compensation claims are legitimate. Unfortunately, there are many cases when an employee is suspected of taking advantage their employer's workers compensation system by submitting a fraudulent claim. We believe some employees have done this without fully understanding the consequences of being convicted of a fraudulent claim. Therefore, we encourage our policyholders to train their employees on the penalties associated with fraudulent accident claims.

Workers compensation fraud occurs when someone knowingly, with intent to defraud, makes a false, material statement related to a workers compensation claim or workers compensation insurance.

Workers compensation fraud is a Class E felony, punishable by serious fines and/or prison or jail time. A conviction means a criminal record, which is a tough hurdle to overcome when seeking future employment. Yes, employment records are public information and readily available to any potential employer. Basically, if you are convicted of workers compensation fraud, you just committed a crime that will negatively impact your ability to find future employment.

According to a recent study, these are some common facts about workers compensation and the perception out there in the workforce:

- Thirty-six percent of all employees think it is okay to pad an insurance claim.
- More than one in three physicians admits that patients have asked them to deceive workers compensation insurance providers to help the patients obtain coverage for medical services in the last year.
- New estimates show that fraudulent or exaggerated workers compensation claims account for nearly 25 percent of the total money spent on workers compensation.

As an employer, there are measures that can be taken to reduce chances of a workers compensation fraud:

- Zero tolerance: Inform employees that your company has zero tolerance for any type of fraud.
- Check job applicants carefully: Criminal backgrounds and a history of suspicious injury claims can be good predictors of potential worker's comp fraud.
- Report accidents: Require workers to report all job accidents immediately.

Know some of the warning signals (*These are indicators and do not always mean fraud*):

- Reporting an accident early Monday morning (accident may have occurred over the weekend)
- Employee has a history of accident claims
- Employee reports an accident many days after date of alleged accident
- Employees' report of accident conflict with witnesses
- No witnesses to an accident ■

# UNDERSTANDING CONTRACT INSURANCE REQUIREMENTS

**I**n recent years, the timber and wood products industry has experienced more emphasis on insurance requirements in contracts for materials and services rendered by the provider. The majority of these requirements deal with the liability involved in providing such services. One item we continually see being requested of the provider is “additional insured status” for the party receiving services.

By definition, an additional insured is a person or organization not automatically included on an insurance policy, but is added at the request of the policyholder. Usually, this is requested because of a close relationship between the two parties and/or a requirement of the contract between the two parties. A typical example would be a logger delivering wood to a mill. As part of the agreement for buying the wood, the logger will request that the mill be named as an additional insured on their liability policy. Also, a mill might be required by the buyer of their product to name the buyer as an additional insured on the mill’s liability policy.

When a policyholder requests that an additional insured be added to their policy, the insurance company does this by endorsement. The endorsement identifies the additional insured and sets the parameters of when the additional insured would receive benefit from the coverage.

Typically, the endorsement will indicate that the additional insured will only receive benefit with respect to liability arising out of your work for the additional insured. Thus, the benefit to the additional insured would be protection on your policy first, or primary, not the additional insured’s policy. Also, an additional insured receives written notification if your liability coverage is in danger of being cancelled for non-payment. This is a means by which the additional insured avoids using an uninsured subcontractor.

There is a cost to the policyholder for adding additional insured parties to a policy. The cost structure varies between insurance companies. You may be charged a fee for each additional insured or, depending on the number of additional insured entities you request, some insurance companies offer a blanket policy which allows you to add as many additional insured parties as needed for a set fee.

Whether you are a logger, timber dealer, contract trucker or mill, you have seen the increase in various insurance requirements as part of your contracts to supply material and services. When you gain more knowledge of what these requirements involve, you can become a better manager of your business. Contact your agent for a better understanding of your insurance coverage. ■



*The crane at KapStone’s facility in Roanoke Rapids stays busy unloading log trucks that arrive in a steady flow.*

# A LOOK AT OUR LEADERSHIP

*by J.J. Lemire, Director of Loss Control*

**T**his quarter we continue our series focusing on the individuals that provide oversight, guidance and direction to Forestry Mutual Insurance Company by introducing our policyholders to Pryor Gibson.

Gibson, a North Carolina native, currently serves as Executive Vice President for the North Carolina Forestry Association located in Raleigh, North Carolina. Before joining the NCFCA, Gibson distinguished himself as a public servant, serving in the North Carolina General Assembly in addition to his volunteer work over the years.

Upon graduating from Anson County High School, Gibson earned his undergraduate in biology at the University of North Carolina at Wilmington. He also has earned credits in engineering and business at the University of North Carolina at Charlotte and North Carolina State University.



*Pryor Gibson*

Gibson was a strong ally of the forest products industry during his tenure in the North Carolina General Assembly (1989-1990, 1999-2011). Over this period, he chaired over 20 committees and was a chief sponsor of numerous forestry, environmental & regulatory legislation. Gibson left the House of Representatives in 2011 to serve as a senior advisor to the governor and he joined NCFCA in 2014.

In terms of volunteer efforts, Gibson has been a Deputy District Governor of Lions International, Rotary Paul Harris Fellow, and a Team Leader for his church building teams in Central and South America.

Gibson is a licensed General Contractor, Insurance and Real Estate Broker. He has won awards for his movie/film set design/construction, managed the nation’s largest fiber network build-out, and served as Executive Director of the North Carolina Quality Leadership Foundation, The Main Street Program, and Workforce Solutions for the North Carolina Department of Commerce.

While he has always been a proponent for forestry and the forest products industry, he also is timberland owner for over 40 years with property in Anson, Montgomery, Bladen, and Guilford counties. Pryor and his wife, Barbara, of 22 years, have two teenaged children.

Gibson became a Forestry Mutual Director in 2014 when he assumed leadership of the North Carolina Forestry Association.

“It is a great honor to join Forestry Mutual’s board,” stated Gibson. “We are facing a serious challenge with North Carolina’s growth, development, and a growing number of people in our state that has little knowledge of the forest products industry, forestry, and how the two have shaped the landscape in our state. We have a responsibility to our community, economy and environment to keep forestry healthy and productive.”

“Forestry Mutual certainly understands this,” continued Gibson, “and we appreciate the opportunity to partner with Forestry Mutual and others to forward this important message through our various training programs and general outreach.”

While he is one of the relative newcomers to the Forestry Mutual board, Gibson is impressed with what he has seen so far.

“I’ve worked with numerous boards over the years in all sorts of climates,” stated Gibson, “and the Forestry Mutual board is as strong and focused as I have ever seen. They really know the issues that are important to their policyholders and have a proven track record of addressing them in a favorable fashion. I really look forward to contributing to the future successes of the company and maintaining the special relationship that the Forestry Mutual has with its forestry association partners.” ■

*Forestry Mutual Initiates Truck Safety...(from page 1)*

failure. It's poor decisions by the driver. We, and I mean everyone in this industry, needs to do better with training our truck drivers from start to finish."

Forestry Mutual's Jimmie Locklear and J.J. Lemire, the same duo that chaired TEAM Fire, coordinated the first meeting of TEAM Truck Safety in late July. Insurance carriers, loggers, mill representatives, associations and equipment representatives were invited to discuss in an open forum the truck safety problem.

Based on the discussion that took place in the day-long meeting, the challenge is substantial.

Consider some of the points brought forward by veteran loggers about how conditions have changed over the past 15 years. The typical haul has doubled for most from 40 miles to the mill to 80 or 90 miles. Sparked by equipment improvements, the pace of production has improved to the point where some loggers are now striving for 110 loads a week instead of 40. Almost all loggers have the ability to harvest more wood on a daily basis than they ever could before. Mills pride themselves on turnaround times. The quicker the better, so the typical driver might be able to get in and out in seven minutes, easily outperforming what a turnaround time may have been in 1990. North Carolina's population has exploded over the past 20 years, putting more drivers on the roads. These elements all point to double exposure for our truck drivers, at the very least.

Combine the fact that the cost of diesel fuel now costs twice as what it did 20 years ago, the cost of the daily maintenance on an average truck and trailer is significant, and the lack of a consistent work week, it's apparent that the profit for margin is pretty fine for the trucker regardless of whether

he is a subcontractor owner/operator or incorporated into the logging operation. This economic truth contributes to the ongoing problem of a shortage of experienced, qualified drivers in the forest products field.

Another complicating factor in this truck safety equation is time, namely time management. Consider the average logger operation is not just one business – there are three rather compelling, somewhat complicated and certainly time consuming businesses: harvest operations, machine maintenance, and fleet management. How is the average logger able to achieve all of this in one work week, which for many covers six days?

It is pretty easy to see all the elements are in place for the "perfect accident conditions" for the forest products industry.

Weighing all the facts, figures and testimonies, the group concluded the top priority for the task force was to concentrate on improving the training the driver regardless of their experience level. To achieve this, the group developed the following mission statement:

Mission: To reduce accidents through effective fleet management, increasing the number of safe, qualified drivers in order to deliver a sustainable and profitable supply chain.

The group plans to achieve this by developing specific subcommittees that will tackle the topics of Awareness, Education & Training, and Accountability. Each subcommittee will develop specific action items and potential deliverables to forward the group's mission.

The first meeting was a success, but as Forestry Mutual's Jimmie Locklear reminded the group near the conclusion of the meeting, this process will take time and the active participation over everyone in the room for the program to achieve the goal of reducing the amount of log truck accidents. ■

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