

Utah Forest News

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Insurance Coverage for Your Logger

Logging is among the most difficult and dangerous occupations in the United States. Loggers work with falling trees, rolling logs, heavy equipment, chain saws, and in Utah they also deal with steep slopes, snow, rain, mud, wind, and extreme temperatures. These are a few good reasons for loggers to carry a package of insurance policies to protect themselves and the owners of the land they are logging.

A **General Commercial Liability** policy with a **Logging and Lumbering Endorsement**, (known as **Logger's Broad-Form**) is essential. Where a typical general commercial liability policy excludes coverage for fire suppression expenses, property damage losses resulting from wildfire, and accidental timber trespass, the logger's broad-form allows the policy holder to buy back that important coverage. Additionally, landowners should be listed on their



Although mechanical processors like this one reduce the chances of injury to loggers, logging is still a dangerous occupation.

logger's general commercial liability insurance policy as an **"additional insured party."** This costs the logger nothing other than a telephone call to their insurance agent.

Workers Compensation insurance protects the logger in case of an accident that results in injury or death of the logger or one of their employees. In Utah, a person that is self employed (without employees) is not required by law to carry Worker's Compensation insurance, but in the logging industry that is a tremendous risk to both the operator and the landowner. This type of policy can also protect a logger's family from financial hardship in while the logger is recovering from a job related injury.

Comprehensive automobile liability insurance policies provide coverage in case of accidents resulting in damage to vehicles or injury to drivers and passengers.

Aircraft Liability insurance is needed when transporting logs by helicopter.

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Contractor's Equipment Floater is coverage that is designed to protect loggers more than landowners. This coverage insures the value of logging equipment from damage resulting from vandalism, lightning, hail, and certain accidents.

References to these policies should be included in the **timber sale contract** between the landowner and the logger (sample contracts are available through the Division of Forestry, Fire, and State Lands.)

Finally, landowners should require **insurance certificates** from their logger's insurance companies that authenticate that the logger's insurance cannot be canceled during the course of the logging operation unless a 30-day-advance notice is sent by certified mail to the landowner.

Another matter worth consideration is that loggers will often subcontract portions of the job to other operators, such as the log hauling, firewood removal, or road grading. It should therefore be stated in your timber sale contract that all subcontractors will also carry appropriate insurance policies.

Although these risks can discourage a landowner from considering a timber harvest, remember that doing nothing also involves risk. A well planned and implemented harvest can be a benefit to the landowner and their forest resource.



By Darren McAvoy

Article topic suggested by Brenda Stocks: Timber Products Inc. Thanks to Michael S. Tingey: Tingey Insurance Agency, a member agency of Insurance Network, 801-266-6800

Other Risk Management Tips

The risks involved in a timber harvesting include accidents resulting in injury, death, equipment damage, property damage, timber trespass, and the risk of improper or incomplete payment. Here are a few more tips for minimizing your risk level.

Educate yourself about the process

Have a complete timber sale contract

Hire a professional consulting forester to look out for your best interests.

Contact the Utah Forest Landowner Education Program and your local Division of Forestry, Fire, and State Lands forester for help.

A Logger's Wildfire Nightmare

Sawmill owners and operators Fred and Brenda Stocks found themselves “caught in a bind with insurance companies” in 1994 over a wildfire and an insurance policy exclusion that they had no idea even existed, said Brenda Stocks, co-owner of Timber Products Inc., in La Sal. Stocks explained the horror of “six years, a million dollars in legal fees, and the most draining and agonizing times of our lives” to get them out of that bind.

Having been in the logging and sawmill business for several decades already, the Stocks knew the importance of proper insurance coverage, have always carried it themselves, and required it of all of the logging companies they hired to harvest the standing timber that they purchased for the sawmill. This is a common way for sawmills to do business: purchase standing timber from landowners, and then hire-out, or subcontract all or part of the harvesting to a separate logging company.

This was the arrangement the Stocks’ company had with a logger and a landowner when the fire got started and burned almost one thousand acres of their customer’s property. The cause of the fire remains unknown, yet over the ensuing months they were shocked to find out that both their commercial liability insurance policy, and that of their subcontractor, did not cover property damage or suppression expenses related to wildfire.

“Although previous year’s policies had protected us from property damage due to fire in the woods – it was omitted and excluded two years prior to the fire, buried in the fine print on page 52 of the 100-plus page policy” said Stocks.



Fire suppression costs can bankrupt a logger overnight.

This situation soon forced their logging subcontractor out of business, and threatened to do the same to Timber Products Inc. Although they were able to mitigate much of the financial loss that the landowner had suffered by harvesting the burned timber, settling for the suppression costs required a battle between five different insurance companies and lots of sleepless nights.

Stocks said that since that time she has encouraged several loggers and landowners to look more closely at their policies, and several have found they lacked the coverage they believed they had. Stocks also related a story about one logger who had been logging for Louisiana Pacific(LP) for the past 11 years, without the coverage that he thought he had, and that LP required, for all of those years.

“Just having a general liability insurance is not enough, as these policies do not typically cover an operator against the damages and suppression costs associated with wildfire...one of the prime risks that loggers face” said Stocks. Stocks urges “both loggers and landowners to examine your policy closely, and you may find that the coverage that you thought you had just may not be there.” She also encourages landowners to require this coverage to be clearly identified as a requirement in the contract that they have with loggers operating on their property.”

What a logger typically needs to cover themselves from the risk of accidental fire is a commercial general liability insurance policy with a logging and lumbering operations endorsement, known as Logger’s Broad Form (see accompanying article.)

Logger Profile: Jeff Fabrizio

Beside the Duchesne River, in Hanna, Utah, Jeff Fabrizio speaks with pride about his family heritage. Fabrizio is a third generation Utah logger and sawmill owner. His father and grandfather before him owned the same mill that Fabrizio owns and operates today, but while Fabrizio was just a young boy growing up in Hanna he lost his father in a logging accident. Consequently the family had to sell the sawmill, which was moved to another site.

After high school, Fabrizio became a miner, and his work “underground” drew him away from Hanna and out of Utah for more than 10 years. Wanting to provide their children with the same benefits that they enjoyed growing up in Hanna, he and his wife, Shelly, resolved to build a life for themselves in this agricultural community set in a beautiful valley on the southwest edge of the Uinta Mountains. They returned to Hanna, repurchased the sawmill equipment that his grandfather and father had owned, moved it back to its original location, and resumed operations.

Although a few parts of the original equipment remain, most of it has been replaced and upgraded over the years. Several other pieces of equipment have also been added to their manufacturing capabilities, equipment that allows Fabrizio and his employees to make products out of the smallest pieces

of wood, squeezing cash out of wood that many sawmills consider waste.

Using smaller logs and adding more value to the material that is hauled into the mill-yard are two of the more significant trends in today’s wood products industry. Fabrizio seems to be ahead of the curve when he says with a wide grin “We save everything but the smell.” From manufacturing 12-inch wedges for mining supports, to milling rough-cut lumber for use in log homes, to selling the sawdust for animal bedding, Fabrizio specializes in efficiency. He enjoys pointing out that when he cuts a tree in the woods,

“everything gets used, down to a log that is just 6 feet-long, and has a minimum diameter of 4 inches.” Compare this to the regional standard minimum sawlog size requirement of 16.5 feet length, and 5.5 inches diameter.

Fabrizio says that his emphasis on better utilization at the mill allows him to do a better job in the woods, which translates to economic and aesthetic benefits for the landowner. Under normal utilization standards, a 20 inch diameter log that does not meet the 16.5 foot length requirement, will probably be left in a slash pile, and the landowner receives no compensation for it. When (and if) a slash pile gets burned, larger pieces of wood often burn incompletely, leaving the landowner with an unsightly



Family Operation: Shelly Fabrizio tends the books and phone calls while Jeff hauls logs and operates their mill in Hanna.

mess instead of additional revenue. This is a common problem for landowners, especially in Utah, where the long distance to sawmills makes it uneconomical to haul short logs.

Fabrizio's logging crew consists of himself and two employees, operating two rubber-tired grapple skidders (for efficiently skidding logs from stump to landing), a dozer with a 6-way blade (for road building and skidding logs on steeper ground), a log loader and a log-hauling truck. This is a typical complement of equipment for a professional logging operation working on private

forest land, partly because their level of production is appropriate for promoting landowner comfort. Depending on landowner's objectives, a logging crew that moves too slow can create problems due to long-term disruption of the land, such as inhibiting wildlife, grazing, or recreation. On the other hand, a logging crew that moves too fast can move through a job and move to another site before the landowners know what hit them, leaving little opportunity for the small adjustments that are so often a key to landowner satisfaction.

Fabrizio also operates his own road-grader, which can be a significant benefit to the landowner. Road maintenance issues are a common source of

contention between neighboring landowners that share access roads. Though it is common to involve several different contractors, subcontractors, and sawmills to complete a timber harvest, Fabrizio's is a soup-to-nuts operation.



Utilization: This six foot log would end up in the slash pile on most logging jobs.

Fabrizio seems to enjoy this holistic approach to logging. He says "I just hate to see waste and destruction in the woods. Every logger should be an environmentalist when it comes to doing a good job in the woods."

His main recommendation to landowners who are considering hiring a logger is that they "check their track record" by talking

to former clients. "There are too many unscrupulous loggers that promise the world to a landowner, only to deliver short of their promises," he says. He sees poor quality logging leading to a lack of public confidence in logging and in loggers. It also has led to a virtual shutdown in federal timber sales, and a corresponding decline in private landowners willing to take the risks inherent in a timber harvest. "I think that it will require some type of catastrophic change for things to turn around," Fabrizio concluded.

By Darren McAvoy

Cedar Mountain Aspen Tour

On Saturday August 25, Utah State University Extension hosted a field tour of aspen sites east of Cedar City as part of an ongoing effort to exchange information regarding aspen decline on Cedar Mountain. A group of 21 ranch owners and resource professionals spent the day visiting with each other as they traveled to several aspen sites that represent the full range of forest and range conditions on Cedar Mountain.

Iron County Extension Agent Chad Reid and Division of Forestry, Fire & State Lands Area Forester Clint Reese were the tour organizers. SUU Rangeland Resource Professor Dr. Jim Bowns, among the first people to notice the aspen decline on Cedar Mountain approximately 10 years ago, led the discussions. The program was funded by the Utah Forest Landowner Education Program with special funds obtained with the help of Senator Bob Bennett.

A large part of the tour's success can be attributed to the ranchers that participated in the day's discussions. Between them they had hundreds of years of experience managing many thousands of acres on Cedar Mountain, and they shared their insights freely. Dr. Bowns set the tone as informal and made it clear from the onset that the experiences and opinions of the landowners in the group with regard to aspen management on Cedar Mountain carried at least as much value as those of the resource managers and scientists in the group.

Many landowners in this area have been directly

affected by the loss of their aspen stands. The Lister family has watched the forest that shaded their trailer-site fade away over the past ten years, and now it is completely dead. Surrounded by dead trees, the shade and bird life that once graced the area are gone and as a result family members are less inclined to visit that special place.

Throughout Utah and the intermountain West, aspen are typically being overgrown by more shade tolerant fir species. This normal forest process,



Participation: Everybody had something to offer at the recent aspen tour on Cedar Mountain.

known as succession, has been accelerated due to fire suppression. Aspen stands require disturbance such as fire for new trees to grow. Fire not only stimulates aspen sprouting, but it also kills young fir trees. Since fires have been effectively suppressed over the past 90 years firs have taken over areas where aspen stands have traditionally flourished. This process

can be witnessed in Utah forests from Cache County to Washington County.

The aspen decline on Cedar Mountain is a different situation as many stands there are dying out where there is not a fir tree in sight. These stands are simply dying out and no trees are coming back. This unique situation appears not to be a simple matter of fire suppression and succession, as in most of the rest of Utah.

The ranchers are the first to tell you that the problem could be related to overgrazing. Although they are in the business of growing grass for their sheep and cattle, and not in the business of growing aspen trees,

Classified

they are also aware of the fragile ecology of the area. They know that ecological considerations are very important in the long run, and they certainly seem to be in it for the long run. Most of them run sheep and cattle on the same acres that their parents did. However, they tend to run about one-half to one-third the number of animals that their parents did, as they have become acutely aware of the health of their range and the impacts of overgrazing.



Dead aspen stands as shown near the top of this photo are a concern to landowners near Cedar City.

At the gentle urging of Bowns, Reid, and Reese, they have also become aware that aspen offer one of the most diverse environments in our landscape. These ranchers are the first to tell you that you can ruin a young aspen stand by turning too many sheep out on it too early, or for too long. But there is some evidence to show that the aspen are not declining simply due to grazing.

These problems are being studied, but there are no clear and simple answers to how to turn the decline around. Forest ecology teaches us that species decline like this are often caused by a host of factors, and are often symptoms of larger problems. The Cedar Mountain aspen decline may be caused by grazing, fire suppression, changing climate, insects, diseases, or some other factor not yet understood. Most likely, however, several of these agents of change are working together to kill these trees that are highly valued for their beauty and diversity.

Do you have forest resources you want to sell? Are there specific timber resources you want to buy? Do you offer services useful to forest landowners? This is the place to advertise your needs! Advertisement is free. If you would like to place an ad, call Darren McAvoy at 435-797-0560 or e-mail darrenm@cnr.usu.edu.

Jeff Fabrizio Logging and Sawmill is paying \$25/ton for Douglas-fir and white fir, and \$5/ton for aspen. Call 435-848-5686.

The Nelson Paint Company, founded in 1940 by Charles and Evan Nelson, has been a family operated business for over 60 years. We take great pride in manufacturing premium forestry products and being a leader in the forestry industry. For more information please call (800) 869-2629.

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For More Information:

Regarding any of the information presented in this newsletter, please call Darren McAvoy at Utah State University, 435-797-0560, write to the return address on this newsletter, or email darrenm@cnr.usu.edu.

State of Utah Division of Forestry, Fire & State Lands (DFF&SL) service foresters for your area can be contacted by calling 801-538-5555.

Ideas and written contributions to this newsletter are encouraged. Send your comments to the return address above or call 435-797-0560, or Email darrenm@cnr.usu.edu.

COMING EVENTS:

- ❑ The fall meeting of the Utah Forest Stewardship Coordinating Committee will be held in Escalante on October 2 and 3, 2001. Call Ron Gropp for details 801-538-5457.
- ❑ Cedar Mountain Aspen Field Tour series continues this fall and winter with events, locations, and dates to be announced. For information call Chad Reid, USU Extension Agent, Iron County, (435) 586-8132.
- ❑ A Logger Education to Advance Professionalism (LEAP) workshop is tentatively planned for this winter. Contact USU Forestry Extension, Darren McAvoy (435-797-0560) or Mike Kuhns (435-797-4056) for details or input.