



Spring 2007

LOGGING TIMES

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GREETINGS FROM DON...

Points of Interest in This Issue Of Logging Times:

- Greetings from Don
- Off Season Use of Logging Trucks
- Info for Contract Hauling In Gravel Business
- ACLT Information
- Spring Fire Season
- Insurance Requirements for Loader Trucks
- Policy Changes
- Logging Packages & General Liability
- Welcome Back Progressive

As I write this section of the newsletter it is a struggle to come up with thoughts that will impact those of you that take the time to read what I have to say. With the difficulties facing the timber industry it would be easy to reflect on the problems of the industry and how they are having a dramatic effect on each of you personally. I cannot say much that you haven't already heard, therefore, my comments regarding this will be limited to saying that I feel the pain and have concern for each and every logger that is struggling with circumstances that are beyond their control. Most of the individuals that receive this newsletter are self-employed in the timber industry and as such fit the mold of being hard working dedicated owners of their businesses. As a class of people, most self-employed individuals never seem to think about the possibility of injury, sickness or their death. Nothing could ever happen to us! Why can't it

happen to us? Check with others who are or have been self-employed-it's a fact of life bad things can happen to good people-even those that are self-employed! Are you and your family prepared financially, emotionally and spiritually for the possibility of an unforeseen accident or sickness? These are difficult questions to answer and many of you are probably saying to yourself that I am using this as a sales pitch. That would not be inaccurate since I believe it is my responsibility as an insurance agent, but I feel more inclined to bring these issues up since I consider so many of you to be friends and most of us could do more to prepare for the possibility of a catastrophe in our lives. Recently one of my clients came to visit and indicated to me that he had lived his dream-he was satisfied with the business that he owned. He has survived the catastrophes that he has faced in his life and is now trying to decide on the route that he should take for the sunset period of his working years. He may be struggling to see what his next step will be but he has achieved his dream! Give it some thought and if I can help in any way give me a call.

OFF SEASON USE OF LOGGING TRUCKS....

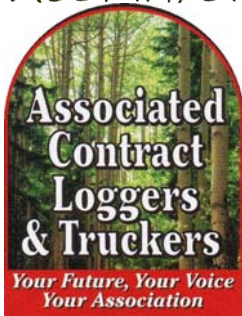
Questions regarding permissible use of logging trucks during the slow summer season are subject to review. During these difficult times in the timber industry we will try to do everything within our power to meet the needs of the clients that we serve. It is important that we are aware of any changes that you might be considering in your operations especially during the slower Spring/Summer period which is rapidly approaching. We have numerous clients who have been approved for belly dump gravel hauling as well as agricultural commodity hauling. In order to assure proper coverage we need to know what you might be hauling, where you might be going and from a General Liability standpoint we need to understand what types of jobs you will be doing so we can try to determine the potential risks that you might encounter. As new endeavors surface, it is important to keep in mind that experience and knowledge are items which can minimize the potential for a loss. Thus we like to see our clients branching into areas that have similarities to the operations that they are currently conducting. Please talk to us as you make changes and whenever possible give us a call before you make changes so we can attempt to minimize the effect that these changes might have on your insurance premiums.

INFO FOR CONTRACT HAULERS IN THE GRAVEL BUSINESS ...

Contract Haulers of gravel should be aware of some proposed insurance changes that are being requested by some of the major road construction companies. We have no problem complying with new insurance requirements that are being requested, but they can create a substantial increase in the cost of coverage for the client. The biggest change that we have seen relates to Workers' Compensation coverage. As a sole proprietor (owner/operator) you may be required to provide an endorsement on the Workers' Compensation policy which states that you as the owner are to be covered under the policy. In the past, most contract haulers have chosen to exclude themselves and receive the minimum premium policy which typically would cost about \$600 per year. With this change we would need to determine the annual wages that the contract hauler would be earning to determine the actual Workers' Compensation premium. As an example, an individual with an income level of \$20,000 would have a premium of approximately \$2,840 per year rather than the previously mentioned \$600 minimum premium. Most business owners feel that they will not suffer an injury that will keep them off of work-we feel that we are "bullet proof" for lack of better words. I believe that any business owner has the potential for injury but may be less likely to file a claim on work-comp or take time off of work when compared to a similar injury sustained by an employee. Thus the cost of including yourself as a covered individual on the Workers' Compensation policy adds to the expense of doing business and should be offset with an increase in income. The other item that is creating a bit of concern is that contract haulers are also being required to provide proof of General Liability coverage. In the past, the inclusion of General Liability coverage has been something that was often overlooked. Again it is a good coverage to have but it does add to the expense of doing business and should be considered when determining the rate of pay needed on the contract.



ACLT INFORMATION, SUBMITTED BY SCOTT DANE, EX. DIRECTOR ..



Emerging New Technologies Present Next Generation for Forest Products Industry. The forest products industry in the late 1800's and early 1900's centered on the dimensional sawmills that utilized the white pine forests of northern Minnesota. These markets were created by the construction demands on the east coast and the available resource in Minnesota. With the depletion of the white pine stands the Minnesota mill industry shifted towards paper production and plywood markets due to the predominant timber species compatibility for such products. With a decrease in the quality of timber available in Minnesota for plywood production, a new product, Oriented Strand Board (OSB), was developed that matched the high volume of aspen available in Minnesota. The point is that markets and resources must match in order to develop sustainable industries and products.

An example of this would be the transition from redrock iron mining to taconite mining and production and now potentially to iron nugget technology. The timber industry as well is subject to changing markets and resource availability and must explore new market opportunities. Perhaps the next period of transition for the timber industry is upon us. The energy sector is a growing industry with an insatiable demand. Contributing to this dynamic are the state and national initiatives for energy independence, with an emphasis on renewable energy. These factors have combined to create bio-mass cogeneration facilities and cellulosic ethanol technology.

Legislative funding is under consideration for a feasibility study for the Bois Forte Reservation for a cellulosic ethanol facility. The Flambeau Papers Bio-Refinery project in Park Falls, Wisconsin is incorporating cellulosic ethanol technology in their operation. Southeastern states are leading the development of cellulosic ethanol technology and plant development. Bill Burgeson, of the University of Minnesota Natural Resources and Research Institute, provided a presentation addressing the opportunities, tooling and resource capacity involving cellulosic ethanol production in Minnesota to those attending the 2007 ACLT Annual Meeting.

The Minnesota forest products industry has an opportunity to support the traditional wood and paper mills in Minnesota while exploring and developing the next generation of forest products facilities –

ENERGY!!!!

SPRING FIRE SEASON IS UPON US!



Have you done everything you can to avoid the risk of loss to any of your equipment due to a forest fire loss? Are you prepared to extinguish a fire that you might start while operating in the forest at this time of the year? These are both concerns that weigh heavily on the minds of loggers and others who might be working in the woods at this time of the year. Fortunately the moisture that we have received with the recent snows has decreased the potential for fire but with the extremely dry years that we have experienced it won't take long for the fire danger to increase quickly. Please check all your fire extinguishers and consider buying larger units or carrying multiple units. To help prevent fires we recommend that you

inspect your equipment on a regular basis to prevent or minimize oil and fuel leaks; clean equipment decreases the potential for a fire. After a busy winter harvest it is important to take the time to pressure wash and check electrical components and batteries to minimize the potential for fires and checking equipment for any necessary repairs and inspecting fire extinguishers should also be done before you go back into the woods. These are all procedures that I believe come naturally with all loggers, but I also believe that with the downturn in the timber industry it might be a task and expense that could be delayed in an attempt to improve short-term financial positions. My concern is that short-term savings can lead to long term disasters! Thank you to each and every one of you for doing your best to minimize the potential for loss and for protecting the woods from unnecessary loss due to forest fires.

Thanks again to all of our clients for providing us the opportunity to work with so many fine individuals. We are truly grateful for the trust you have placed in our agency and the staff that is here to serve you!

We have inserted one of four certificates in four randomly chosen newsletters. If you are one of the lucky ones simply stop in for a \$25 gasoline gift card or give us a call and we will mail one out to you. Thanks for reading our newsletter and showing an interest in our agency.

INSURANCE REQUIREMENTS FOR LOADER TRUCKS...



New information regarding loader trucks and their insurance requirements. As I was preparing the newsletter I received a call from one of our loggers indicating that they had received a citation for not having proof of insurance in their loader/slasher truck when they were stopped on the highway. After numerous phone calls I was able to speak to Officer Ron Silcox who is a commercial vehicle trooper/inspector for the state highway department. He referenced state statute #169.781 which indicates under subdivision #2 that special mobile equipment falls under the required inspection section of the statute and loader trucks are also defined under 168.011 subdivision #22 which defines special mobile equipment to include loader trucks. With these definitions it is apparent that loader trucks need insurance coverage

which is further explained in statute 169.797 and also are subject to all the rules applicable to any other commercial vehicle. These rules include daily inspections, annual DOT certification and conformity to the rules regarding brakes, lights, mirrors, steering, suspension, tires, fuel system and other items listed on the daily inspection report. From my perspective this all indicates in simple terms that your loader truck units and any slasher units that might be attached as trailers need to comply with all the laws established for any other truck/trailer units that are licensed for use in Minnesota. I am researching how our insurance companies want to handle this since they view non-licensed units (loader trucks fit the non-licensed description) as ineligible for inclusion under the truck insurance sections of insurance coverage. I hope to have an update on this soon-until then my advice is to get a letter identifying the loader truck by year, make, VIN from us with the current general liability insurance policy information included. For now my belief is that the general liability policy will provide the coverage.

DO YOU WANT TO MAKE CHANGES?

Toll Free Number: 1-888-326-0563

Call us! Many insurance companies now have 1-800 phone numbers as well as internet access for customer service and we want to remind all of our customers that we are here-able, willing and ready to help! We are your professional insurance agency and we are here to assist you! We understand that we may not be in our office 24/7 but we invite you to use our web-site donevansinsurance.com as well as our e-mail donevans@uslink.net for any question or concern that you might have while our office is closed. We strongly discourage you from calling or going on-line and making changes to your coverages without consulting us about the consequences. In most cases the people that you communicate with at the company level are more likely to be order-takers rather than insurance consultants and therefore may not understand the potential consequences of your actions. We would like to assist you in making an informed decision. We may also provide you with additional information relative to the change you are considering. We may be a busy office, but we look forward to the opportunity to assist you, our client in any way that we can. You are our customer and we want to continue to provide you with prompt, professional and personal service!



LOGGING PACKAGE & GENERAL LIABILITY CLIENTS...

News and information for our logging package clients and those who carry General Liability through our agency. Stonington Insurance Company that has been providing coverage for these types of accounts in the past will be replaced by American Alternative Insurance Company to better serve our customers who utilize these products and services. We will continue to offer individual lines of coverage



for Truck, General Liability, Equipment, Umbrella and package coverage with American Alternative Insurance Company. The transition will be seamless with no changes in the products being offered other than the name of the company providing the coverage. American Alternative Insurance Company may have a different look but the coverage's will remain the same and we will continue to provide loggers broad form property damage to our General Liability clients. You may recall that this has been a topic of interest in the past as some other insurance companies have issued policies which have an endorsement that excludes coverage for logging and lumbering. As a logger or individual who works as a sub-contractor in the logging industry we believe you would want to have coverage which would include items such as loss due to fire in the woods, coverage for vehicles that you

might be loading and timber that you might inadvertently cut in error. These are some of the potential losses that we include in our General Liability policy and we believe that they need to be included for coverage rather than being excluded by endorsement. If you have any questions or concerns with the company change please make sure and give us a call.

WELCOME BACK PROGRESSIVE!

You may recall that we recently informed you that *Progressive* was changing its name to DRIVE Well, now that we have our new sign that reflects the new name we have been informed that *Progressive* has



decided the DRIVE brand is not working as they had planned. Therefore, the name will again be modified and now it will return to the traditional blue color with the name *Progressive* and a subtitle of DRIVE insurance in green. I believe this is a strong signal that the name *Progressive* with it's

national advertising and long term name recognition is something that is deserving of the local agents. As an independent agent we represent *Progressive* and have helped build them into the company of choice by many individuals and businesses throughout the U.S.! We are glad to again use the name *Progressive* and we hope that the confusion brought on by the name changes doesn't impact your belief in the value that *Progressive* brings to the insurance marketplace.

*The information in this newsletter is meant as a guideline only.
There is nothing in this newsletter that alters the coverage or interpretation of any specific insurance policy.
Because some statements are generalizations, and because different company's policies
contain slight differences, please refer to your specific policy or call our office.*