



ForestFund

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Navigating Workers' Compensation: Essential Protection for Forestry and Logging Businesses

The forestry and logging industry is the backbone of sustainable timber production, fueling construction, manufacturing, and environmental management across the State of Alabama. However, it remains one of the most hazardous occupations in the United States, with workers facing daily risks from heavy machinery, unpredictable terrain, and towering trees. According to the Bureau of Labor Statistics (BLS) and the National Institute for Occupational Safety and Health (NIOSH), logging consistently ranks among the top industries for catastrophic and fatal injuries, with rates far exceeding the national average. For business owners in this demanding sector, workers' compensation insurance isn't just a legal requirement—it's a lifeline that safeguards employees, mitigates financial risks, and ensures operational continuity. This article explores the critical role of workers' comp in the logging industry, from common hazards to coverage options and risk management strategies, and how ForestFund, Alabama Forestry Association's preferred workers' compensation provider can assist.

The High-Stakes Reality: Risks and Injuries in Logging

Logging operations expose workers to a unique blend of environmental and mechanical dangers, leading to severe injuries that can sideline crews and inflate costs. Rough terrain, remote locations, and the sheer force of falling timber create an environment where accidents happen swiftly and catastrophically.

Among the most prevalent injuries are:

- **Struck-by Incidents:** Falling trees or branches account for a significant portion of fatalities and serious harm. Workers' risk being crushed or pinned, resulting in fractures, internal injuries, or worse. It is of vital importance to require all employees to use Personal Protective Equipment (PPE).
- **Machinery and Equipment Accidents:** Chainsaws, skidders, debarkers, conveyors, and feller bunchers can cause lacerations, amputations, or crush injuries from moving parts. Flying debris often leads to eye trauma or concussions. Always train and require your employees to use the "Lock Out, Tag Out" method when working on machinery and equipment.
- **Slips/Trips/Falls:** Uneven forest floors and elevated work (e.g., tree climbing or loader cabs) contribute to sprains, fractures, and head injuries. Cold exposure exacerbates these risks by reducing dexterity and increasing fatigue. It is extremely important to always use the "3 points of contact" when mounting or dismounting from equipment/trucks.
- **Musculoskeletal Disorders and Repetitive Strain:** Heavy lifting, awkward postures, and prolonged vibration from tools lead to back pain, hernias, and long-term disabilities.
- **Other Hazards:** Trucking/transportation: speeding, improper loading and improper restraints are just a few ways that can lead to catastrophic injury for truckers. Noise-induced hearing loss from equipment is another concern.

These injuries not only endanger lives but also drive-up contributions/premiums and downtime for businesses. In fact, indemnity benefits for logging claims often exceed those in other low-wage industries due to the injury severity

Risk Mitigation: Preventing Claims Before They Happen

The best defense is a strong offense. Integrate national and state recommended practices to lower injury rates:

- **PPE and Training:** Mandate chaps, helmets, and ear protection; conduct regular safety drills.
 - **Equipment Maintenance:** Daily inspections and operator certifications for chainsaws and loaders.
 - **Site Protocols:** Clear communication via radios, buffer zones around felling areas, and fatigue management for long shifts.
 - **Health Monitoring:** Screen for ergonomic risks and provide hydration/nutrition in remote sites.
 - **Train Employees:** Be proactive in training your employees on proper safety techniques.
- ForestFund's service company provides loss control services to all fund participants on a regular basis which includes specialized training and risk analysis to assist you with your specific needs.

Businesses that prioritize prevention not only save lives but also qualify for contribution/premium credits, creating a virtuous cycle of safety and affordability.

What Does Workers' Compensation Cover in the Logging Sector?

Workers' compensation coverage provides a no-fault safety net, ensuring injured employees receive benefits without proving employer negligence. For forestry and logging businesses, comp coverage benefits include:

- **Medical Expenses:** Full coverage for doctor visits, surgeries, rehabilitation, and occupational health treatments that are reasonably related to the on-the-job accident. The employer, however, has the right under Alabama law to designate the authorized treating physician.
- **Wage Replacement:** Temporary total disability payments (typically 66 and 2/3rd % of average weekly wages) during recovery, plus partial payments for light-duty work.
- **Long-Term and Permanent Disability:** Lump-sum or ongoing support for lasting impairments, such as lost limbs or chronic back issues, including vocational retraining.
- **Death Benefits:** Financial support for dependents in fatal cases, a somber but critical provision

In exchange, businesses gain immunity from most employee lawsuits related to workplace injuries, a major liability shield in a litigious environment.

The Business Case: Why Invest in ForestFund as your Workers' Compensation Carrier?

Beyond compliance, workers' compensation delivers tangible returns for forestry and logging companies. It fosters a safer workplace, attracts skilled labor in a tight market, and curbs escalating costs from uninsured claims. This is where ForestFund can offer you great protection and rewards.

ForestFund was founded in 1970 as the Alabama Forest Products Industry Workmen's Compensation Self-Insurers Fund, changing the name to ForestFund in 1996. It was specifically created to allow Alabama Forestry Association members to own and control their own workers' compensation costs.

ForestFund, and its service administrator Mackinaw Administrators, LLC, work together to offer:

- **Liability Protection:** Shielding owners and co-workers from civil suits, potentially saving millions in legal fees.
- **Loss Control Services:** Experience-rated contributions (i.e. premiums) reward safe operations with discounts and dividends.
- **Claim Management:** Experienced and trusted claims adjusters work with injured employees to get them back to work as quickly as possible, minimizing downtime, and keeping crews productive.
- **Safety Management, Workshops, Educational Services:** Proactive safety investments reduce injury frequency, lowering contributions/premiums over time.

ForestFund specializes in providing workers' compensation coverage to the forestry and logging industries. We know the intricacies of this industry because that's all we do.

Protecting your workers' compensation investment

In 1965, the Alabama Legislature passed Ala. Code §25-5-9, which allowed the pooling of liabilities of two or more common interest employers by industry or association relationship. Only five (5) years later ForestFund was formed. Unlike the traditional market, ForestFund is not in the business of maximizing profits; we are in the business of minimizing costs for our members. Excess surplus (profit) generated in a particular year is returned to the fund member.

Since 1996, ForestFund has returned over \$150 million in the form of dividends to its members. What does this mean? It simply means that if you are committed to safety and the elimination of claims, you are likely to have a portion of your workers' compensation contribution/premium paid back to you at the end of the year. You cannot get that from traditional insurance carriers.

As either a fund member or potential fund member, you may ask how we can do this? Well, the answer is simple. Over the past 55 years we have developed and maintained a claims fund that has taken our annual contributions and grown them through our experienced investment banking managers to accumulate and have assets under management in an amount of more than \$67 million. We are committed to working for the fund to be good stewards of the assets placed in our control to cover all your workers' compensation needs.

Other cost savings methods offered by ForestFund include a 5% drug-free workplace discount as well as a 2% credit to fund participants who complete the Sustainable Forestry Initiative-sponsored Professional Logging manager course and earn 6 hours of continuing education credits per year.

While workers' compensation contributions/premiums are typically calculated based on payroll, job classifications, and claims history, ForestFund has also developed its very own method of calculating costs based on production (i.e. tonnage, etc.)

Conclusion: Build a Safer, Stronger Operation

In the forestry and logging industry, where every cut counts, workers' compensation coverage stands as an indispensable tool for protecting your most valuable asset—your people. By addressing the sector's inherent risks with tailored coverage and proactive safety measures, businesses can thrive amid challenges with ForestFund being here to protect you every step of the way.

For more information and/or a quote for your workers' compensation needs, please contact Kelly Daniel at (334) 495-0024, or by email at kdaniel@forestfund.com