Montana Forest Products Marketing News

MSU Extension Forestry

January 2005

Clarification of Logger's Insurance Requirements

Last month's newsletter included an article with guidelines meant to assist landowners when contracting with a professional logger. Unfortunately, the article overstated some of the licensing and insurance requirements for Montana's logging industry.

To clarify, the State of Montana does not require a business license for logging contractors. However, loggers contracting for arborist work or logging that occurs within city limits may be required by city law to obtain a business license prior to executing a contract.

Regarding insurance, logging contractors typically carry several types in order to protect themselves and landowners. First, *Commercial General Liability (CGL)* insures loggers against claims arising from being blamed, accused, or responsible for the losses of others, which result in bodily injury, property damage, or personal injury to a third party. There are no mandated coverage amounts for CGL policies, but a standard policy insures the logger for $2 million aggregate and $1 million per occurrence.

Second, *Loggers Broad Form (LBF)*, which is an endorsement of a CGL policy, insures the logger against property damage claims arising from logging operations on land owned by others, or hauling for others, and the expenses of fire fighting incurred by others for which the logger is legally liable. Again, there are no mandated coverage amounts, but the industry standard policy covers up to $1 million per occurrence. Note that those logging contractors who sell their logs and pulpwood to certain mills in Montana are required by those mills to carry a LBF policy with a coverage amount of $2 million per occurrence.

Third, logging contractors may carry a *Commercial Automobile Liability (CAL)* policy, which insures the logger against property and liability claims associated with a company vehicle. In Montana, the standard CAL policy coverage amount is $1 million.

Finally, logging contractors are required to carry *Worker's Compensation (WC)* insurance. The minimum WC coverage levels are: $100,000 employers liability, bodily injury $100,000 per accident, occupational disease $100,000 per accident, and aggregate $500,000 per accident. The minimum coverage level is the industry standard, but several mills require loggers to raise the coverage for all of the WC policies to $500,000. In addition, the Montana Logging Association requires the higher coverage level for its Accredited Logging Professionals. Also, note that some logging contractors may be exempt from WC insurance if they have no employees.

Finally, it is a good idea for a landowner to request that his or her name be added as an *additional insured* on a logging contractor's CGL, LBF, and CAL policies.

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New Technology: Director HM 200

Most softwood lumber is used in structural applications, e.g. studs in walls, beams in floors, or truss members in roof systems. As a result, a piece of lumber's strength and stiffness are key product attributes.

Consumers are able to judge a piece of lumber's strength and stiffness based on its lumber grade. In current practice, structural lumber is graded either through visual inspection, or by a stress-rating machine. The stronger and stiffer the piece, the higher the grade, and the higher the grade the more valuable the piece. Thus, sawmills are interested in maximizing production of strong and stiff lumber.

One way sawmills manage lumber production is the practice of sorting logs into species, size, and grade (log quality) groups. The logs with similar characteristics are then processed in a batch. However, even after all of these steps, the lumber produced often has highly variable properties.

Sawmills might be able to better manage their raw material supply and production runs using a new technology, which uses sound waves to predict a log's (and the resulting lumber's) stiffness.

The Director HM 200 is a hand-held device that predicts the stiffness of lumber a given log will yield. The prediction is based on a measurement of how fast sound waves travel through the log.

The technology has been brought to the market by a New Zealand company called *Fibre-gen*. Their product is called the *Director HM 200*, (HM stands for hitman).

It is a hand-held device that measures how long it takes sound waves to travel through a log after being hit with a hammer. Research has shown that when the sound waves travel quickly through the log, the lumber produced from that log will have desirable stiffness values. Slower sound waves mean the lumber will be less stiff.

In addition to using this technology to sort logs prior to processing, the *Hitman 200* tool can be used by a log buyer to predict how much high quality lumber any given batch of logs will yield. Such information would allow the buyer to more accurately determine log quality before purchasing logs.

Fibre-gen has also developed a similar product that assesses wood quality (stiffness) in standing trees. It is called the Director ST 300 (ST stands for standing tree). Again the tool can be used to more accurately determine log/lumber quality prior to purchase. Each product sells for about $7500.

For further information visit www.fibre-gen.com or contact Fibre-gen's Peter Carter.

ELWd™: A small diameter solution to stream restoration problems

In the past, engineers, and biologists commonly removed large woody debris (LWD) from Western US streams so that fish passage would be improved and so that the stream could convey more water. In the 1980's, however, scientists realized the importance of large woody debris in stream ecosystems. For example, salmon and trout rely on such material for cover habitat, it provides traps for sediment, and it slows flood waters.

An ELWd™ (pronounced 'elwood') log 21" in diameter and made from 5" diameter poles.

To correct decades of habitat destruction, streams throughout the West are being restored with LWD (logs larger than 18" in diameter and longer than 12 feet). "The problem with many restoration efforts," says Jim Dooley, President of Forest Concepts, LLC of Federal Way, WA, "is that a mile of stream contains 100 to 400 pieces of LWD and diverting that many valuable large logs away from sawmills and into restoration projects is not cost-effective." Therefore, his company has developed ELWd™ systems.

The idea is to use readily available small-diameter trees to engineer a structure that functions the same as naturally occurring LWD.

For example, his company manufactures one in-stream structure (see photos) that has been successfully used to stabilize stream banks and control channels.

Forest Concepts, LLC markets their products through field sales representatives. Rich Lane, a natural resources consultant from Missoula, is the ELWd sales representative in Montana. Lane can be reached at (406) 370-4767 or you can visit his www.naturalresourcesolutions.com

ELWd™ structure being assembled in-place by a volunteer crew.

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Montana State University Extension Forestry is a branch of the MSU Extension Service and is housed cooperatively with College of Forestry and Conservation at the University of Montana in Missoula, Montana.

The mission of Extension Forestry is to provide education and outreach to non-industrial private forest landowners, forestry industry, and other forestry-related organizations in Montana.

Extension Forestry carries out its mission by providing its clients with educational workshops, publications, news releases, brochures, and videos. Common topics include forest stewardship planning, forest insect and disease, windbreaks/living snow fences, alternative forest management practices, wildfire hazard reduction, forest products marketing, and tree pruning & care.

We're on the Web:

http://www.forestry.umt.edu/hosting/forestproducts/index.htm

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If so, sign up and we can send the newsletter directly to your email address.

Do you have comments, story ideas, or other suggestions?

If so, send them to Roy Anderson, newsletter editor

Calendar of Upcoming Events

Forest Landowner Legislative Listening Session

10:00 AM—2:00 PM January 13
Helena, MT
Jorgenson's Motel

Relationships between Forestry, Deer, and Elk in Western Oregon

January 19
Corvallis, OR
click here for agenda

2005 Montana Economic Outlook Seminar

January 25
Helena, MT
click here for agenda

Montana State Tree Farm Committee Meeting

9:30 AM January 18
Missoula, MT
Plum Creek Office, 140 N. Russell Street

Family Foresters Workshop

January 21
Coeur d'Alene, ID
click here for agenda

2005 Montana Economic Outlook Seminar

January 25
Great Falls, MT
click here for agenda

Missoula Chapter — Society of American Foresters

6:00 PM January 18
Missoula, MT
Florence Hotel

Harvesting Clean Energy Conference

January 20-21
Great Falls, MT
click here for agenda

2005 Montana Economic Outlook Seminar

January 28
Missoula, MT
click here for agenda

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