

Gaines & Critzer Ltd

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Logging Equipment clients of
Gaines & Critzer, Ltd.

RE: Equipment Fire Season

We're not telling you anything you do not already know. It's dry outside, equipment may be operating longer hours, and the temperatures are increasing, all favorable towards equipment fires.

We do have some good news/bad news to tell. Two cutter fires were reported to us the third week of March (bad news) however, both fires were extinguished on site resulting in only a partial loss (good news). At this point both claims appear similar, possible electrical origination, equipment being operated by the insured at time of claim, and did not realize there was a fire until operator backed up.

Fire extinguishing methods were also similar. Both operators shut down the equipment, utilized the on board "cold fire" extinguisher first while calling log deck for all available extinguishers, which were dry chemical. Approximately six extinguishers were emptied on each cutter. One other important item, both units were relatively clean of debris prior to the fire.

You may call it luck or better fire extinguishing technique/education but in the not too far past both units would have burned to the ground. I do believe the only luck part was both operators had to back up for some reason.

What have we learned? Please follow the guidelines per the T.E.A.M. flyers we mail you. Keep equipment clean, use loaded stream, i.e. "cold fire," extinguishers and plenty of dry chemical extinguishers. Need quick communication to log deck for backup extinguishers (remember, six were emptied).

THANK YOU! Scott & Troy, Gaines & Crizer, Ltd.

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March 25, 2009

Re: Logging Equipment Fire Claims

Dear Clients,

2009 is shaping up to be a less than acceptable claims year for logging equipment claims. We're 90 days into the year with over \$400,00 in equipment fire claims. Insurance carriers are taking notice, it is just not our clients, others are experiencing similar claims.

Logging equipment will easily burn and the fire is extremely difficult to extinguish. All reported claims so far this year are total losses with numerous extinguishers utilized.

The three most important items you have control over and must be managed are:

- a. Frequent cleaning and proper maintenance**
- b. Adequate fire extinguishers in equipment & on job site**
- c. Proper employee training in use of fire extinguishers**

Please review the attached Forest Equipment Fire Alert flyer with all of your employees immediately; this is extremely important. We need to bring these fire claims under control.

Thank you,

Gaines & Critzer, ltd.

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Summer 2009

Re: Logging Equipment Fire Claims Continue

Dear Clients:

****Very Important, please READ, SET-UP SCHEDULE, DOCUMENT****

Past flyers from this year stress the importance of adequate fire extinguishers in each piece of equipment and on each job site. This is very important and you need to continue monitoring your fire protection, extinguishing program (charged extinguishers, larger “cold fire” type on log deck, employees properly trained in extinguisher use, power washer availability, etc).

However, fire prevention is top priority. No fire, no need to extinguish! The subject of this newsletter is scheduled maintenance and cleaning.

Your insurance company and us are reminding you to please have a set maintenance and cleaning schedule for each piece of logging equipment. The schedule needs to identify the unit, date work/maintenance performed, scheduled date of future maintenance, i.e. similar to a “log” book. Please make it a habit to document your activities. Please do the above for your general cleaning activities (panel drops, power washing, etc). Make sure you document date performed and keep to the schedule. Naturally, your cleaning schedule may vary based on logging conditions/activity.

PLEASE NOTE: In the event of a claim, your maintenance schedule is one of the things your insurance company will want to review. Claims are settled cost new less depreciation.

Please visit our website: www.gainescritzer.com , go to Programs, Forestry, Logging Equipment/Fire Prevention, TEAM flyer. This flyer was developed by a consortium of logging equipment engineers and insurance logging equipment fire investigators/loss control personnel. The flyer is extremely helpful towards properly managing your equipment.

Remember, insurance is math, not magic! Claims paid out must remain significantly lower than premiums collected (insurance carrier administrative expenses are incurred). Otherwise, the carrier does not make a profit, the company exits the market, less competition, and rates increase. We ask you to please inspect, maintain, clean, document. Insurance personnel will ask for your paperwork on all insured units if a fire claim is reported to the carrier.

Thank you for your business and support in implementing the above!

Regards,

Gaines & Critzer, Ltd.