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## GLOSSARY OF INSURANCE AND FOREST ECONOMY TERMS

This document has been developed to provide a resource for those in the forest economy to learn more about some basic insurance terms and for those in the insurance industry to have access to definitions of common terms and subjects in the forest economy.

### INSURANCE INDUSTRY AND LABOR TERMS AND DEFINITIONS

**Workers compensation insurance:** Insurance that protects employers from financial loss by providing coverage for medical expenses and lost wages to employees who sustain work-related injuries.

**Employee or “Worker”:** An individual who has entered into the employment of, or works under contract of service or apprenticeship with, an employer.

**Employer:** One whom employs the services of others; one for whom employees work and who pays their wages or salaries.

**Assigned Risk:** A risk that is required by law to have workers compensation insurance and cannot or is unable to find insurance coverage in the voluntary market.

**Assigned Risk Market:** A group of insurers selected by the state to write workers compensation insurance for risks that are unacceptable in the voluntary market.

**Voluntary Market:** A group of insurers that elect to write workers compensation insurance in a competitive market while retaining the right to accept and reject business submitted.



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**Experience Modification Factor:** A factor that is calculated by taking a business's actual loss experience and dividing it by the business's estimated loss experience. A factor less than 1.00 means the business will receive a credit in premium. A factor greater than 1.00 means the business will receive a debit in premium.

**Vermont Department of Financial Regulation (aka DFR):** The Vermont Department of Financial Regulation is in Montpelier, Vermont and is responsible for protecting consumers by way of ensuring that the Banking, Captives, Insurance and Securities industries are operating in compliance with Vermont laws and regulations for each industry. For workers compensation insurance, they publish the loss cost multipliers for carriers writing coverage in Vermont, review and approve all insurance rates and policy forms prior to carriers using them and work with the National Council of Compensation Insurance (NCCI) to answer questions about occupational class codes and other factors that influence workers compensation pricing. More information is available at <https://dfr.vermont.gov/>.

**Vermont Department of Labor (aka DOL):** The Vermont Department of Labor is in Montpelier, Vermont and is responsible for assisting employers with job recruitment, coordination of benefits related to employment and provides information and analysis of labor-related activities. For workers compensation insurance, they provide a wide range of services such as coverage verification, information and FAQ's for injured workers and employers on the claim process for workers compensation, information about vocational rehabilitation and several other topics. More information is available at <http://labor.vermont.gov/>.

**OSHA:** Occupational and Safety Hazard Administration – an organization that ensures safe and healthy working conditions by setting and enforcing standards and by providing education and training for those standards.

**NCCI:** National Council on Compensation Insurance – an advisory organization that specializes in rating and data collection for the workers compensation insurance industry. NCCI uses this data to monitor trends such as medical expense costs, industry activity fluctuations, wage increases or decrease and many other trends to determine workers compensation rates in various states, including Vermont.



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**Annual rate filing:** A filing submitted to DFR by NCCI that adjusts workers compensation rates based on information collected at the end of the calendar year and used to calculate rates for the current term, which starts on April 1 of the following year. This information consists of premiums, loss costs, claim counts, expenses reported and various other pieces of data.

**Loss control or Loss prevention:** A set of practices developed and implemented by the employer to reduce the frequency and severity of losses. These practices will often be overseen by a single individual (Example: A “controller” that enforces a company rule that all employees must wear hardhats while working on or around construction sites.)

**Loss cost:** The amount of money an insurance company must pay to compensate a claimant and other administrative or investigation expenses to adjust and settle workers compensation claims. (Examples: Medical bill payments and lost wages paid for the claimant; private investigator fees for the investigation of the claim.)

**Claimant:** An injured worker who has an active workers compensation claim

**Claims management:** A series of steps to oversee and manage the claim process: the notification of a claim to the employer, submission of a claim by the employer, management of a claim, facilitating assistance in communication between the claimant and the claims adjuster and determining what caused the injury to the affected employee.

**Claims adjuster:** A person that is licensed to handle insurance claims and determines what compensation a claimant should receive. The claims adjuster may be a direct employee of the insurance company or an “independent adjuster”; someone who is hired by the insurance company to adjust the claim.

**Occupational class codes:** Codes that are developed by NCCI and approved by DFR which describe specific categories of work and the various tasks involved with that occupation. The code is assigned a value based on the level of risk the occupation presents.





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**State special class codes:** Codes that are developed by NCCI and approved by DFR that have been assigned a reduced value for their respective occupation and risk provided employers meet all the required standards to qualify for receiving a state special class code.

## FOREST ECONOMY TERMS AND DEFINITIONS

**Logger or logging contractor:** A person or entity that performs logging (aka timber harvesting) services, which can include the cutting, skidding, processing and hauling of forest products and excavation for site preparation and job closeout.

**Forester:** A licensed individual who provides forestry services as defined in state statute. Forestry does not include ... “services for the physical implementation of cutting, hauling, handling, or processing of forest products or for the physical implementation of silvicultural treatments and practices.” In Vermont, there are private sector consulting foresters, state foresters and foresters employed by the US Forest Service and US Fish and Wildlife Service.

**Timber Sale:** An activity where a logger harvests timber on private, state or federal land, typically under terms in a written contract. A forester often administers the contract development and execution and is responsible for oversight during a harvest. Consulting foresters represent private landowners for a fee and State and Federal Foresters typically represent their employer.

**Mechanized Logging:** Timber harvesting that is performed entirely with machines and the operators do not leave the safety of the machine’s cab. ROPS (Roll-Over Protective Structures) or FOPS (Falling Object Protective Structures).

**Non-mechanized Logging:** Timber harvesting performed by a person manually felling trees with a chainsaw and they are subsequently removed from the woods by machines.





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**Forestry Operations Supervisor:** Instructs, directs and controls workers in the performance of their duties. They communicate safety rules and procedures to workers, ensure workers understand and follow them. They lead by example and set the tone toward safety.

## **COMMON BUSINESS RELATIONSHIPS IN VERMONT'S FOREST ECONOMY**

**Contract Cutting or Felling:** a service that provides mechanized tree felling during timber harvests. The logger then processes the felled trees with their own employees and equipment.

**Chipping:** a service that brings equipment onsite to process material that has been stockpiled by the logger into wood chips for delivery to biomass power plants or institutional heating plants.

**Log hauler or trucker:** transports forest products from the harvest site to the purchaser. Also utilized to transport machinery between harvest sites.

**Excavating contractor:** performs earthmoving for site preparation and closeout services. In Vermont, some operations perform all the above work with their own equipment and employees, but more typically, an operation is a mix of the above services.

**Certified commercial pesticide applicator:** any person certified under the categories and standards of Section VIII, Vermont Regulations for Control of Pesticides, who applies pesticides to the lands or homes of another whether for remuneration or gratis

In Vermont, some operations perform all the work related to forest operations with their own equipment and employees, but some operations are a combination of the above services, which can create a business relationship that needs to be examined utilizing the **“Workers’ Compensation Insurance Checklist for Logging Contractors & Purchasers of Standing Timber in Vermont”**

