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# ACIG

## news

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### Life-Saving Commitments (LSC)

The construction industry incurred the most fatal injuries of any industry in the private sector, eight hundred sixteen (816) in 2009, according to the U.S. Department of Labor, Bureau of Labor Statistics. In dissecting this number, we find that construction of buildings, accounted for one hundred fifty (150) deaths, heavy and civil engineering construction produced one hundred sixty seven (167) deaths and specialty trade contractors recorded four hundred seventy seven (477) workplace deaths.

Our Project Lifesaver Initiative has been largely successful in reducing the number of lost-time and medical only injuries in excess of \$6,500. Over a seven (7) year period, our PLS rate has been reduced from 1.84 per 200,000 manhours to 0.74, a reduction of 60%.

Tragically, we have not been able to reduce the number of direct hire and subcontractor deaths on our projects. In a concerted effort to improve performance in this most important area, we have developed our Life-Saving Commitments (LSC) Program. The LSC Program includes the following elements:

- Life-Saving Commitments Guidance Document
- Life-Saving Commitments Survey, that was completed for each member
- A detailed back-testing of the death cases over the past five (5) years
- Recommendations for improvement
- LSC Deliverables
  - Promotional Materials – hard hat stickers
  - Job Hazard Analysis and Pre-Task Plans
  - Toolbox Talks

We are asking our members to adopt the Life-Saving Commitments and integrate them into their company culture.



To view the Life-Saving Commitment presentation, click [here](#).

## Best Practices Meeting

Annually, ACIG working under the direction and guidance of the Best Practices Steering Committee, conducts a one (1) day Best Practices meeting.

The 2011 Best Practices meeting will be held on February 17<sup>th</sup> at the Four Seasons Resort in Las Colinas (Dallas), Texas. This meeting is designed for the CEO's and their senior leadership team. This meeting will include a general session, CEO presentation, industry group break-outs and special emphasis topics. Continuous improvement involves the development and implementation of Best Practices and this venue promotes the sharing amongst our members. Please mark your calendars to join us in Dallas on February 17<sup>th</sup>.

## ACIG Financial Report September 30, 2010

ACIG's shareholders' equity increased to \$118,225,000, an all-time high (versus \$111,965,000 at December 31, 2009). We reported pre-tax income of \$26,721,000 for the nine months ended September 30, 2010 before policyholder dividends and other related return premiums and bonus of \$24,342,000. ACIG reported net income of \$2,596,000 for the nine months ended September 30, 2010 versus budgeted net income of \$1,876,000.

## ACIG's Investment Portfolio

### Asset Allocation as of September 30, 2010

	Market Value as of 09/30/10	Percent of Total
<b>Insurance Reserves Portfolio</b>	<b>\$ 192,617,044</b>	<b>60.8%</b>
BlackRock	\$ 192,617,044	
<b>Capital Portfolio</b>	<b>\$ 124,435,391</b>	<b>39.2%</b>
<b>Equities</b>		
Dodge & Cox (U.S.)	\$ 8,181,042	2.6%
Primecap	\$ 15,513,667	4.9%
Wellington Global Perspectives	\$ 11,807,323	3.7%
Calamos Global Growth & Income	\$ 8,417,252	2.7%
<b>Convertibles</b>		
Zazove	\$ 21,603,166	6.8%
Calamos Global Growth & Income*	\$ 8,763,017	2.8%
<b>Fixed Income</b>		
Western-Absolute Return	\$ 23,917,721	7.5%
T. Rowe Price High Yield Fund	\$ 2,628,134	0.8%
Payden GNMA Fund	\$ 18,709,247	5.9%
<b>Real Assets</b>		
BlackRock TIPS	\$ 4,894,822	1.5%
<b>TOTAL INVESTMENTS</b>	<b>\$ 317,052,435</b>	<b>100%</b>
<b>Shareholders' Equity (as of 09/30/10)</b>	<b>\$ 118,225,000</b>	
<b>Common Stock as a % of Shareholders' Equity</b>		<b>37.3%</b>

*“\$317,052,435  
in total investments”*

## Project Lifesaver Report

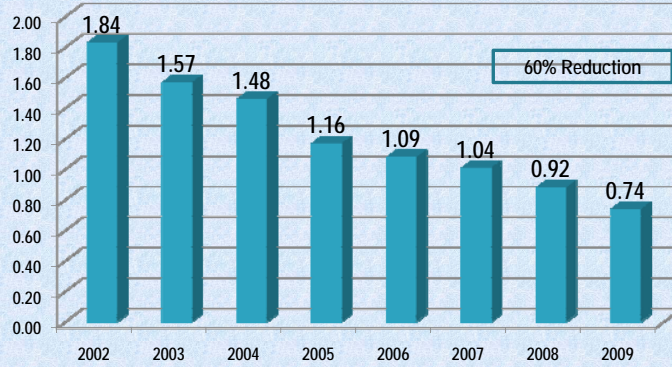
ACIG members continue to produce outstanding results in our Project Lifesaver Initiative. Over the seven (7) recent policy years, they have reduced their loss rates as follows:

Workers Compensation	60%
General Liability	80%
Auto Liability	61%

The accompanying charts chronicle the improvements over time. These results are a testament to our members' safety culture that permeates their operations. To achieve meaningful reductions, we need to remain vigilant and strive for Zero Accidents.

*“A 60% reduction in PLS Recordable Cases”*

**Project Lifesaver  
Workers Compensation – PLS Rate  
Per 200,000 Manhours**

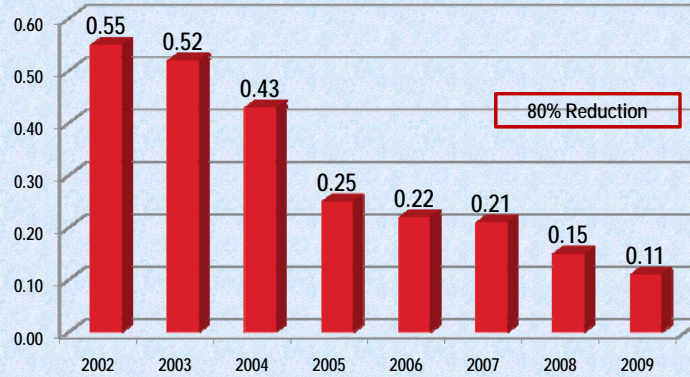


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*“General Liability loss rate has been reduced by 80%”*

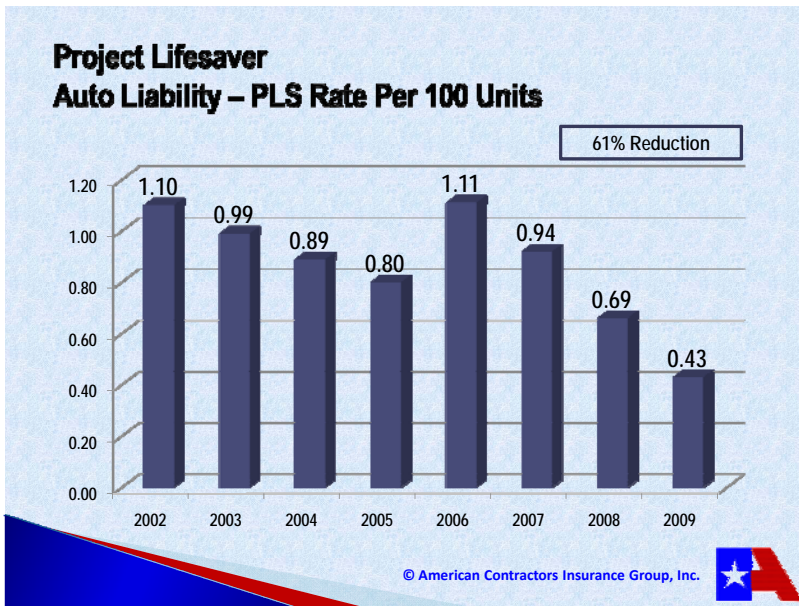
**Project Lifesaver  
General Liability – PLS Rate  
Per 200,000 Manhours**



Does not include additional reported hours for OCIPs or monopolistic states.

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*“Auto Liability  
loss rate has been  
reduced by 61%”*

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## AZ Program Report

ACIG and Zurich entered into a Strategic Alliance on June 1, 2005 to address some significant issues facing our general building contractors. These issues included:

1. Subcontractor Liability Exclusions and Limitations.
2. States that did not allow any meaningful risk transfers due to anti-indemnity and insurance regulations.
3. Low limits of insurance maintained by first and second tier subcontractors.

All of these issues are still present in the current insurance market.

The AZ Program provides a seamless program insuring core program projects, project specific CCIPs and rolling CCIPs for smaller projects. All of the insurers and limits are identical under all three (3) aspects of the AZ Program.

As of September 30, 2010, our seven (7) AZ members have produced the following premiums.

Workers Compensation	\$27,560,329
Primary Liability	80,359,167
Umbrella/Excess Liability	<u>46,661,378</u>
Total	\$154,580,874

Included in this total is the premiums generated on four hundred ninety (490) CCIPs, with construction values exceeding \$6.93 billion.

The initial underwriting results and economic benefits are very positive; however, this book of business has a long tail and the overall results will not be known for several years.

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*“AZ Premiums of  
\$154,580,874”*

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## Focus on Quality Resources

There is a parallel track of the culture, process, procedures and leadership needed to have a world-class safety and quality program. This conclusion was reached in a research project completed for the Construction Industry Institute (CII).

ACIG's quality resources are led by Larry Owen, who joined us in 2008. Over this two (2) year period, he has organized, planned and worked with our members in developing or fine-tuning their Quality programs.

We believe one of the best ways to improve the quality process is through our Quality Peer Groups. Here is the line-up of our seven (7) peer groups.

### General Building Contractor Peer Groups

- Peer Group 1
- Peer Group 2
- Peer Group 3

### Industrial Contractor Peer Group

- Peer Group 4

### Street, Road, Infrastructure and Heavy Peer Groups

- Peer Group 5 – Structures
- Peer Group 6 – Excavation
- Peer Group 7 – Paving

The ACIG Quality Peer Group experience is a unique forum for members to collaborate on proven quality success strategies while improving customer satisfaction and enhancing profit. Each meeting agenda is custom crafted to the concerns of company executives, quality managers and senior executives. This results in an intricate forum where Quality Best Practices and issues are examined in detail.

Other quality services include:

**ACIG Request for Knowledge** – An online resource for those requesting technical information and support (e.g., scopes of work for mixed humid vented and unvented crawl spaces).

**ACIG Quality Newsletter** – This electronic newsletter contains ACIG information as well as industry information on Quality.

**Material Alerts** – We publish information and distribute it to our members when there is a known issue with a particular building material. Recent examples include: Sealants, microbiologically influenced corrosion, Chinese drywall, etc.

**ACIG Quality Repository** – We are in the process of developing and populating an online resource utilizing Share Point to archive Quality information and resources. We expect this resource to go online in the next sixty (60) days.



## OSHA Voluntary Protection Programs

The Voluntary Protection Programs (VPP) promote effective worksite-based safety and health. In the VPP, management, labor and OSHA establish cooperative relationships at workplaces to implement a comprehensive safety and health management system. Statistical evidence for VPP's success includes a Days Away Restricted or Transferred (DART) case rate that is 52% below the average for its industry.

BMW Constructors, Inc., Danis Building Construction Company and J.J. White, Inc. have approved Voluntary Protection Programs.

## ACIG Member Unique Projects

### Hoffman Corporation

#### One Mammoth Move



In a stunning world's first, Hoffman, along with its key project team members mounted a Boeing 747 on top of the half-completed Evergreen Waterpark in McMinnville, Oregon. Park visitors will be able to climb into the plane and ride waterslides all the way to pools at the ground floor.

The Evergreen Waterpark is just one of many projects Hoffman has built for Evergreen International Aviation. Other projects include:

- Aviation Museum – completed in 2001
- Space Museum – completed in 2008

The Space Museum will be the permanent home for one of America's space shuttles when the program is ended and NASA releases the craft.

Currently the Space Museum houses:

- Titan II Space Launch Vehicle
- X-15 Rocketplane
- Mercury Capsule
- Gemini Replica
- SR-71 "Blackbird"
- Redstone Rocket
- Vostock/Photon Spacecraft
- Atlas S-3 Rocket Engine
- Many more historic space exploration pieces.

To accommodate the size of those artifacts required a structure large enough to house them in a perfect, museum-grade climate of 70 degrees and 50% humidity.

By the Numbers:

- 125 feet high at the roof's peak
- 4.5 acres of roof
- 6 miles of conduit
- 3,000 tons of structural steel
- 10,000 cubic yards of concrete
- 3,426,805,161 golf balls could fit inside the museum



## ACIG Contractors in the News

The American Road & Transportation Builders Association (ARTBA) awarded its "Contractor Safety Awards" at its National Convention.

**G.A. & F.C. Wagman, Inc.** won in the 500,000 to 1,000,000 manhours category.

The Associated General Contractors of America (AGC) awarded its Construction Safety Excellence Awards at its National Convention.

**Herzog Contracting Corp.** won in the Municipal Division.

**Watts Constructors, LLC**, a division of The Weitz Company, LLC, won in the Heavy Division.

**Kitchell Contractors** has acquired hardison/downey construction, Inc.; a Phoenix-based general contracting firm. One of their key markets is campus housing.

**The Haskell Company** has completed its acquisition of E<sup>2</sup>M, an Atlanta-based manufacturing system integration firm that engineers manufacturing solutions for its customers in the food, beverage and consumer products industry.



## Team Member Spotlight

Each quarter we feature one of our ACIG team members.

**Team Member:** Max Lewels

**Position at ACIG:** Risk Management Executive

**Years of Service:** 20 years

**Family Members:** Wife – Karen; Daughters – Erica Wilken & Courtney Rowe; Granddaughter – Brooke Wilken

**Pets:** Dog - Hannah

**Hometown:** Born – El Paso, Texas; Live – Dallas, Texas

**First Paying Job:** Working in a fireworks stand.

**Dream Car:** Bentley Mulsanne

**Favorite Pastime:** Spending time with my 5 year old granddaughter.

**Favorite Movies:** The Hangover (I watch it at least once a month)

**Most Recent Book Read:** Michael Creighton's Pirate Latitudes

**iPod Favorites/Favorite Songs:** Classic Rock (Eagles, Creedance Clearwater Revival, Stones)

**Dream Vacation:** Cruise the Mediterranean

**People at Your Fantasy Dinner:** My parents and both sets of grandparents (all now deceased) and Keith Richards.

## ACIG Meetings and Workshops

Date	Meeting	Place
November 10-11, 2010	In-House Legal Counsel Forum	Dallas, TX
January 18-19, 2011	ACIG University	Dallas, TX
February 2-3, 2011	Quality Peer Group II	TBD
February 17, 2011	Best Practices	Dallas, TX
February 18, 2011	Annual General Membership Meeting	Dallas, TX
March 16-18, 2011	Vail Contractors Forum	Vail, CO
April 12-14, 2011	Safety/Claims Workshop	Dallas, TX

## Concluding Thoughts

We have just returned from a very successful and productive Risk Management Workshop that was attended by our members and key stakeholders. ACIG reported record shareholders' equity of \$118,225,000, but that is only part of the story. CEO commitment and leadership is at an all-time high as demonstrated by the interaction and networking amongst our CEOs and their senior leaders.

The value of their commitment and leadership does not appear on ACIG's balance sheet, but it is an invaluable asset for which we are very grateful.

All the best,

A handwritten signature in black ink, appearing to read "Michael A. Kei".

President

