

ACIG news

Safety Benchmark Study

ACIG's Executive Committee requested some additional research and analysis of our members' safety performance as compared to the Construction Industry and the Construction Industry Institute's Contractor Members. Using the published data for these three (3) groups, we find the following manhours worked in 2009.

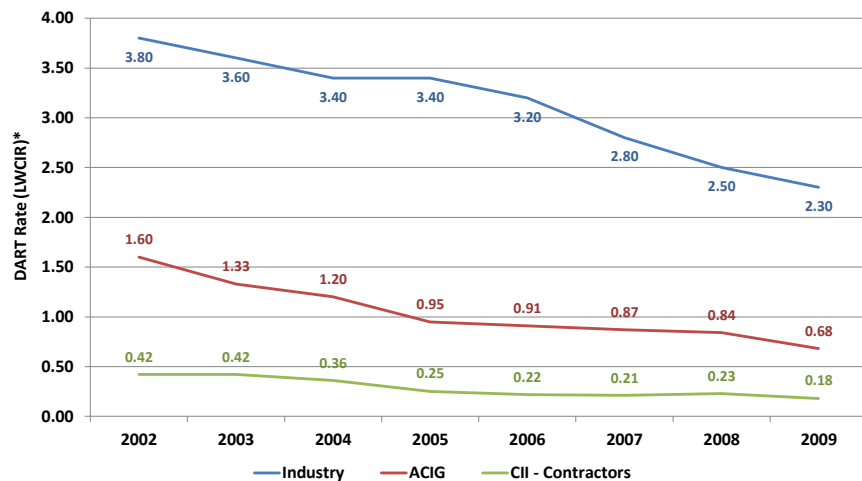
Construction Industry	15,700,000,000
CII – 28 Construction Members	1,580,000,000
ACIG Members	50,540,000

We prepared two exhibits comparing these three groups and used the Department of Labor, Bureau of Labor Statistics Data. The first set of data is the Days Away, Restricted or Job Transfer rate per 200,000 manhours. As you see from the trend line for each group, all have been successful in reducing the DART rate.

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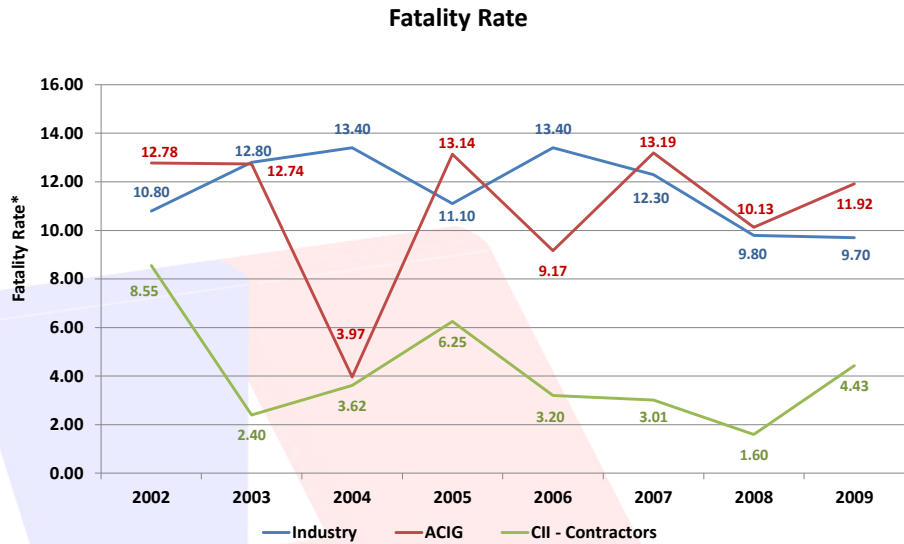
DART Rate



Sources:
 BLS Injuries, Illness and Fatalities
 ACIG Project Lifesaver
 CII 2010 Safety Report

*Number of days away, restricted or job transfer cases per 200,000 manhours.

The second exhibit displays the Fatality Rate per 100,000 full-time workers. It is interesting to note that all three groups have no consistent improvement in their fatality rate over time.



Sources:
 BLS Injuries, Illness and Fatalities
 ACIG Project Lifesaver
 CII 2010 Safety Report

*Number of fatalities per 100,000 full time workers.

Dissecting the Construction Fatality Data, we find the leading four (4) events or exposures to be:

Falls	34%
Transportation	24%
Contact with Objects and Equipment	18%
Exposure to Harmful Substances or Environments	16%
Fatal Four Total	92%

For the Construction Industry to improve its fatality record, more emphasis, training and instruction is needed to address "Construction's Fatal Four."

ACIG Financial Report March 31, 2012

Balance Sheet Profile

ACIG reported total assets of \$354,794,000 as of March 31, 2012 versus the \$337,601,000 reported at December 31, 2011. ACIG's shareholders' equity was \$125,468,000 (versus \$120,487,000 at December 31, 2011).

Operating Results for the Quarter Ended March 31, 2012

ACIG reported pretax income of \$8,790,000 for the quarter ended March 31, 2012 before policyholder dividends and other return premiums of \$6,105,000 and related bonuses of \$1,069,000. ACIG accrued premium refunds of \$6,105,000 payable to the ACIG insureds pursuant to our capital management strategy versus budgeted transactions of \$5,744,000. Pre-tax income for the quarter was \$1,616,000.

ACIG's Investment Portfolio

Asset Allocation as of March 31, 2012

	Market Value	Percent of Total
Insurance Reserves Portfolio	\$ 201,662,736	58.6%
BlackRock	\$ 176,317,507	
State Deposits	\$ 25,345,229	
Capital Portfolio	\$ 142,761,643	41.4%
Equities		
Dodge & Cox (Global)	\$ 6,650,017	1.9%
Primecap	\$ 18,709,326	5.4%
Wellington Global Perspectives	\$ 12,071,233	3.5%
Calamos Global Growth & Income	\$ 9,121,196	2.6%
Convertibles		
Zazove	\$ 24,056,982	7.0%
Calamos Global Growth & Income	\$ 10,719,546	3.1%
Fixed Income		
Western-Absolute Return	\$ 14,816,015	4.3%
T. Rowe Price High Yield Fund	\$ 5,077,906	1.5%
Payden GNMA Fund	\$ 20,244,502	5.9%
Franklin Templeton Global Bonds	\$ 15,796,087	4.6%
Real Assets		
BlackRock TIPS	\$ 5,498,833	1.6%
TOTAL INVESTMENTS	\$ 344,424,379	100%
Shareholders' Equity (as of 03/31/12)	\$ 125,468,000	

**“\$344,424,379
in total investments”**

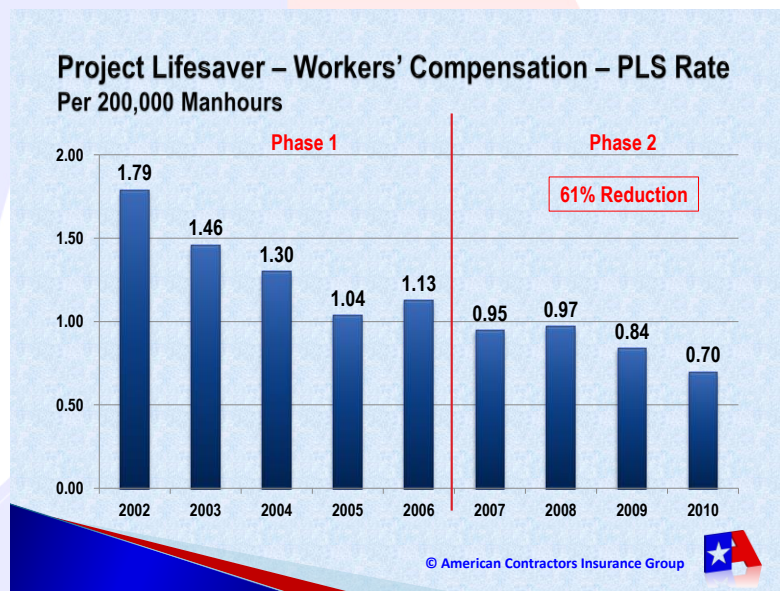
Project Lifesaver Report

ACIG members continue to produce outstanding results in our Project Lifesaver Initiative. Over the eight (8) recent policy years, they have reduced their loss rates as follows:

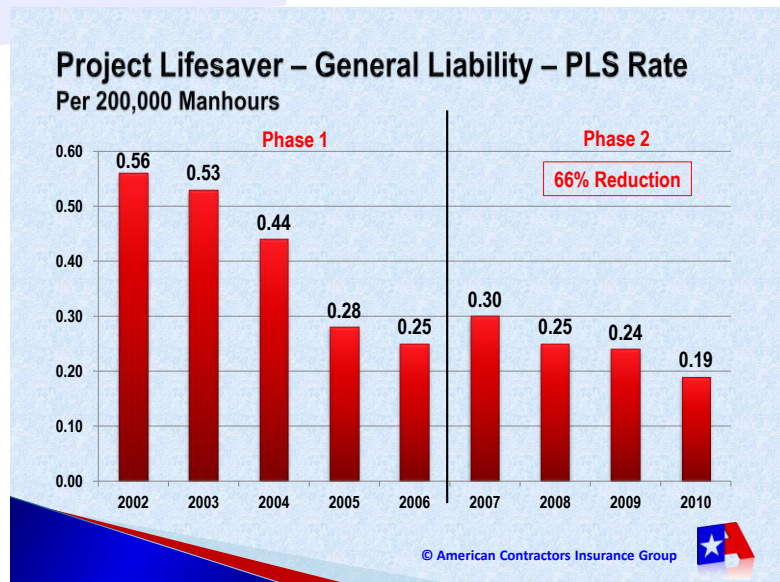
Workers Compensation	61% improvement
General Liability	66% improvement
Auto Liability	53% improvement

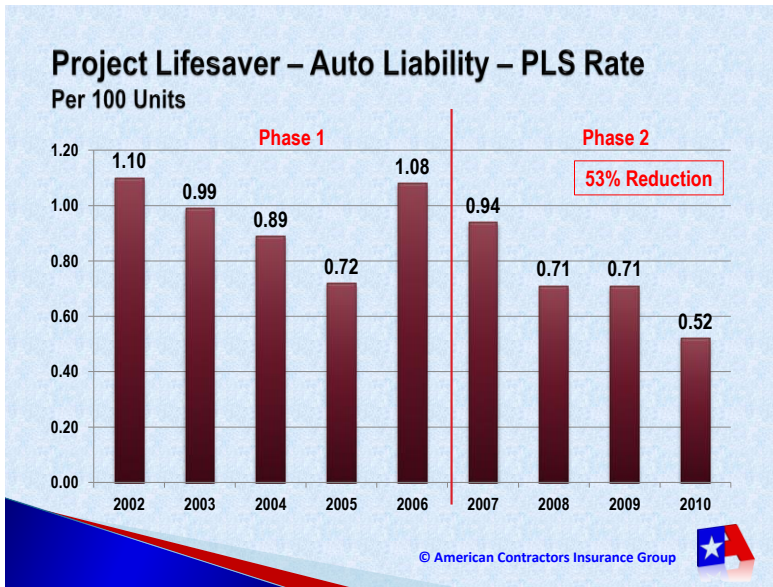
The accompanying charts chronicle the improvements over time. These results are a testament to our members' safety culture that permeates their operations. To achieve meaningful reductions, we need to remain vigilant and strive for Zero Accidents.

"A 61% reduction in PLS Recordable Cases"



"General Liability loss rate has been reduced by 66%"





“Auto Liability loss rate has been reduced by 53%”

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.

1. Subcontractor liability exclusions, limitations and related claims disputes.
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 December 31, 2011, our six (6) AZ members have produced the following premiums.

“AZ Premiums of \$173,035,530”

Workers Compensation	\$ 31,555,796
Primary Liability	\$ 89,977,150
Umbrella/Excess Liability	\$ 51,502,611
Total	\$173,035,530

Included in this total is the premiums generated on 618 CCIPs, with construction values exceeding \$8.0BB.

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.

The AZ Steering Committee meeting was held on March 21, 2012. We also presented the AZ Alliance Report to Zurich.

ACIG Renewal Report

Based upon our members' projections for the June 1, 2012-13 policy period, we anticipate annual premiums as follows:

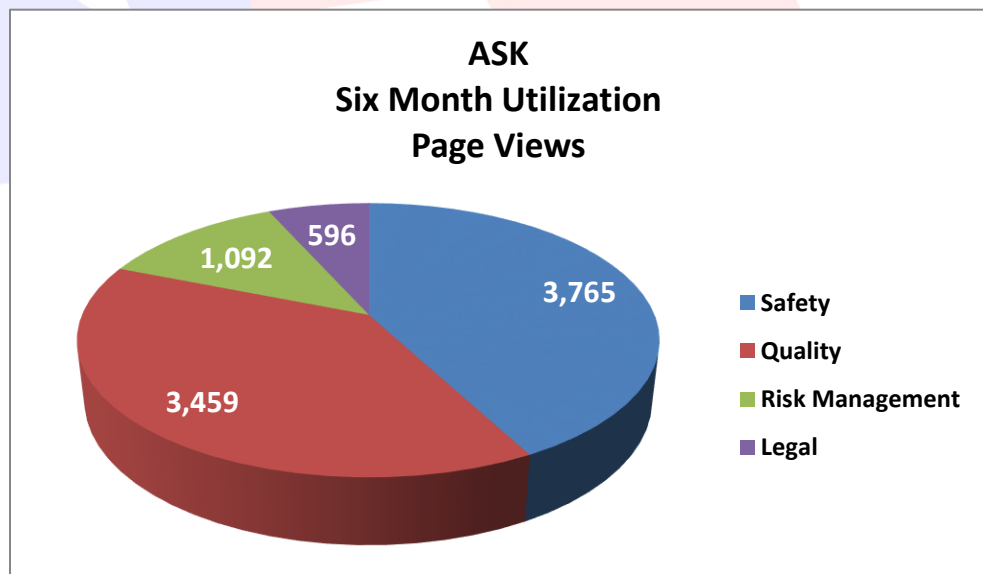
Workers Compensation	\$ 58,250,000
General Liability	\$ 68,300,000
Auto Liability	\$ 9,250,000
Subcontractor Default	\$ 14,100,000
Total Premiums	\$149,900,000

A summary of projected premiums in the pooled excess layer of risk are as shown:

Workers Compensation	\$11,289,000
General Liability	\$23,950,000
Auto Liability	\$ 5,100,000
Total Pooled Layer Premiums	\$40,339,000

ACIG Sharing Knowledge Update

ACIG launched its ASK program in April 2011. ASK is a secure members only resource that allows access to a document repository and exchange platform to share best practices. The platform is organized by discipline: safety, quality, risk management and legal.



Username and log-ins are required for any level of access. Contact [Kari Levy](#) for set-up.

ACIG Member Unique Project

Ajax Repaving Project – Michigan International Speedway

Michigan International Speedway (MIS) is paving the way for the exciting return of NASCAR to Michigan in 2012. The fourth repave project in the track's 44-year history is complete.

The \$7 million project was done by Ajax Paving Industries in Troy, Mich., who has extensive background in paving high-speed, high-banked ovals including the Chrysler Corp. oval in Chelsea, Mich., and the Ford Romeo Test Track for Ford Motor Co., a five-mile, steep-banked oval used by the manufacturer for testing. The group also completed Phoenix International Raceway.

A laser survey of the racetrack before the repave project began last August collected more than 100 million data points across the surface, allowing engineers to replicate all points of the original pavement. But crews smoothed out all of the dips and bumps that occurred over time, making MIS as smooth as silk.

The data points also showed MIS has always had variable banking in its 18-degree turns. Variable banking allows cars to carry more speed through the turns, enabling drivers to run multiple lines around the racetrack. Additionally, a smoother surface usually means more grip with the tires, and more grip means better handling of the cars so drivers feel good about passing and driving high lines.

During the project, 22,000 tons of asphalt was placed on the surface, enough to construct about 5 ½ miles of a two-lane county road. Three-quarters of an inch of asphalt was taken off the top during the milling process. The project required three inches of total pavement laid down. The track was paved in two layers with each layer 1 ½ inches thick for a total of three inches. Therefore, the track is now approximately 2 ¼ inches higher than it was previously.

Jeff Gordon and fellow NASCAR Sprint Cup Series drivers Matt Kenseth, Juan Pablo Montoya and Michigan native Brad Keselowski were on hand recently to participate in a two-day test for Goodyear tires on the new surface.

Keselowski was the first to test out the new track after a brief rain delay and topped out at 213 mph while Gordon reached speeds of 215 mph. "I would say the speeds are fast to too fast," said Kenseth, a two-time Daytona 500 winner.

The Quicken Loans 400 is scheduled for June 17, 2012 at the fast and furious Michigan International Speedway.

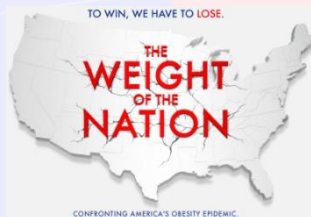


Brad Keselowski, first driver on the repaved Michigan International Speedway

Nabholz Featured in HBO Documentary

Nabholz Construction Corporation was featured in the HBO documentary, "The Weight of the Nation" that aired on May 14-15, 2012. The film features case studies and interviews with leading experts, individuals and families struggling with obesity.

Bill Hannah, CEO of Nabholz, and Jayme Mayo, P.A., Wellness Director, were featured extensively along with employee participants in the Nabholz Wellness Program. Nabholz committed to a culture of health over five years ago. Bill stated, "Our employee's health is a primary concern for our company. Having our wellness program be recognized internationally is a testament to the value of the program."



[Click on the link to view the film.](#)



ACIG Notes and Notables

Hill Mechanical Group joined the ACIG program on May 31, 2012, our 39th member.



Lexicon Holding Company joined the ACIG program on June 1, 2012, our 40th member.



Mike O'Neill and Michael Overholt have been selected to make a presentation at International Risk Management Institute's (IRMI) 32nd Annual Construction Risk Conference. Presentation topic "Utilizing Best Practices to Drive Results".

ACIG Contractors in the News

G.A. & F.C. Wagman, Inc.'s joint venture received the 2012 Build America Award from the Associated General Contractors of America. The Maryland Intercounty Connection Project was recognized as one of the nation's most impressive construction projects of 2011 in the Design-Build Highway & Transportation category.

Jaynes Corporation won the First Place AGC Award for Safety Excellence in the building division 450,001 to 600,000 manhours category. This award showcases contractors that have achieved continuous improvement of their safety and health programs.

Pepper Construction Group's Rivers Casino project in Des Plaines, the newest casino in the Chicagoland area, has been awarded the Leadership in Energy and Environmental Design (LEED) Gold Certification by the U.S. Green Building Council (USGBC). Rivers Casino is the first casino in the world to achieve the LEED Gold certification. Rivers Casino was designed with a sustainability plan to achieve LEED certification for energy, lighting, water and materials use, as well as incorporating a variety of other sustainable elements.

Shimmick Construction Co., Inc. received the AGC of California's Construction Award for Excellence in Project Management for the Geneva Historic Streetcar Enclosure project in San Francisco.

Watts Constructors, LLC, a subsidiary of The Weitz Company, LLC, received two (2) honors at the 93rd Annual Associated General Contractors of America Convention. The Pearl Harbor Visitors Center, received a special recognition award in the 2012 Marvin M. Black Excellence in Partnering Competition. The award recognizes successful partnerships and collaboration that improves construction projects.

Their Pacific Fleet Submarine Drive-In Magnetic Silencing facility project was a 2012 Build America winner in the Federal & Heavy New Construction category. The award recognizes the highest achievement in construction excellence, project management, safety and environmental awareness.

Root Cause Analysis Working Sessions

Since 2005, Rad Manning, ACIG Safety Consultant, has conducted sixty (60) Incident Investigation and Root Cause Analysis training sessions for nine hundred fifty-six (956) participants. We continue to provide this important introductory training and instruction.

Date	Hotel	Location
June 5-6, 2012	Chicago Marriott Suites	Chicago, IL
July 10-11, 2012	Courtyard LAX	Los Angeles, CA
July 31 - August 1, 2012	Airport Marriott	Pittsburgh, PA

ACIG developed the Root Cause Analysis Working Session, a more advanced curriculum, in response to specific feedback from our members requesting an advanced course. This session includes a comprehensive review of the Root Cause principles and use of the analysis tool. This one-day session is planned as shown.

Date	Hotel	Location
September 11, 2012	Westin La Cantera	San Antonio, TX

ACIG Meetings and Workshops

Meeting	Location	Dates
Safety/Claims Workshop	San Antonio, TX	September 11-13, 2012
In-House Legal Counsel Forum	Dallas, TX	October 7-10, 2012
Risk Management Workshop	Santa Barbara, CA	October 25-26, 2012
Quality Peer Groups I through VI	Various	Throughout the Year

Concluding Thoughts

Statute of No Repose

The U.S. Supreme Court declined to hear a challenge by Jacobs Engineering Group to the State of Minnesota's attempt to collect millions of dollars to fund payouts made to victims of the 2007 I-35W bridge collapse. The span's collapse killed 13 and injured 145. The bridge was designed in the 1960's by Sverdrup & Parcel Associates, which Jacobs acquired in 1999.

Minnesota agreed to pay claims totaling \$40 million, but lawmakers passed a bill allowing the state to seek reimbursements from third parties deemed to have contributed to the collapse. The practical consequences of permitting states to freely carve out retroactive exceptions to their statutes of repose would be dramatic and nearly impossible to insure.

All the best,

A handwritten signature in black ink, appearing to read "Mike O'Keefe", is written over a white rectangular background.

President & CEO