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# ACIG

## news

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### CICA 2019 Outstanding Captive Award

At its annual International Conference, the Captive Insurance Companies Association (CICA) honored American Contractors Insurance Group Ltd. (ACIG) with the CICA 2019 Outstanding Captive Award.

"Promoting best practices through education and recognition is one of the cornerstones of how CICA delivers on its mission. For over 20 years, CICA has been honoring contributors who exemplify best practices and demonstrate the effective use of captives. Congratulations to this year's winners and thank you for being industry leaders," Dan Towle, CICA president, said.

The **Outstanding Captive Award** is presented to a captive insurance company or risk retention group that has shown creative uses for a captive, been successful in managing the captive in terms of net results and usefulness to its owners, has prevailed over difficult times or situations, and has gained acceptance, recognition, and a positive reputation among rating agencies, regulators and colleagues in the captive industry.

American Contractors Insurance Group Ltd. (ACIG), a group captive, got its start in 1981 as a Bermuda-based reinsurance organization. Over the years, ACIG formed its domestic insurance companies that provide direct workers compensation, employers liability, auto and general liability; and subcontractor default coverage for its 38 Members, all of which are privately-owned U.S commercial construction companies.

ACIG's mission is to save lives, prevent injuries and reduce the overall cost of risk for its Members. Project Lifesaver, an aggressive loss reduction initiative, has achieved outstanding results over a 16-year period with reductions of: 54% in the loss rates for workers' compensation, 80% for general liability and 30% for auto liability.

ACIG and its subsidiary companies carry an A.M. Best Company rating of "A" (Excellent), Financial Size Category "VIII" (\$100 million- \$250 million of policyholders' surplus).

"On behalf of our construction industry members and team of insurance professionals, we're honored to receive CICA's Outstanding Captive Award. We look to CICA to provide critical information and support by way of its best practice publications. CICA's International Conference brings together leading experts, thought leaders and service providers to a venue that encourages networking and sharing of best practices. Captives will continue to flourish and grow as they are deployed to finance a myriad of ever-expanding business risks," Mike O'Neill, ACIG President and CEO, said.



*Bill McIntyre, Chairman, Mike O'Neill, President & CEO and Dan Towle, President CICA*

## **ACIG Financial Report March 31, 2019**

### *Balance Sheet Profile (000's)*

ACIG reported total assets of \$524,371 as of March 31, 2019 versus assets of \$504,921 reported for December 31, 2018. ACIG's shareholder's equity was \$188,647 (versus \$174,722 at December 31, 2018). ACIG posted net unrealized gains on investments (net of tax) of \$5,947 at March 31, 2019, a decrease of \$4,768 from December 31, 2018. ACIG adopted Accounting Standard Update (ASU) 2016-01 effective January 1, 2019. The new update requires that equity investments generally be measured at fair value. It also requires the unrealized gains and losses on equity investments to be recognized in net income rather than being reported in shareholders' equity. As a result, holding gains for common stocks of \$10,718 were recognized in income (versus recognition in prior years as net unrealized gains, a component of shareholders' equity). Effective January 1, 2019, ACIG reclassified \$9,145 of holding gains on common stocks from "net unrealized gains" to beginning retained earnings. The net unrealized appreciation for fixed income securities increased to \$4,377 for the quarter.

### *Operating Results for the Year Ended March 31, 2019*

ACIG reported pretax income of \$26,298 for the quarter ended March 31, 2019 before policyholder dividends and other return premiums of \$12,240 and related bonuses of \$2,143. ACIG accrued premium refunds of \$12,240 payable to the ACIG insureds pursuant to our capital management strategy versus budgeted transactions of \$10,043. Pretax income was \$11,915, \$10,792 more than budgeted as a result of recognizing \$10,718 of holding gains for common stocks. ACIG reported net income of \$9,548 for the quarter ended March 31, 2019 versus budgeted net income of \$985.



## ACIG's Investment Portfolio

### Asset Allocation as of March 31, 2019

	Market Value	Percent of Total
<b>Insurance Reserves Portfolio</b>	<b>\$ 308,276,351</b>	<b>62.0%</b>
<i>Reserve Liabilities</i>	\$ 308,276,351	
BlackRock	\$ 275,628,999	
State Deposits	\$ 34,999,184	
Pending Transfer to Capital Portfolio	\$ -2,351,832	
<b>Capital Portfolio</b>	<b>\$ 189,217,138</b>	<b>38%</b>
<b>Equities</b>		
Dodge & Cox (Global)	\$ 8,639,305	1.7%
Vanguard PRIMECAP	\$ 39,604,619	8.0%
Vanguard – International Growth	\$ 9,044,652	1.8%
Wellington Global Perspectives	\$ 6,232,883	1.3%
Angeles GEO Fund Insurance Company	\$ 26,457,594	5.3%
Angeles GEO Fund Limited	\$ 5,986,746	1.2%
<b>Absolute Return</b>		
AIA Absolute Return Fund	\$ 24,619,279	4.9%
<b>Fixed Income</b>		
Western – Absolute Return	\$ 14,940,657	3.0%
T. Rowe Price High Yield Fund	\$ 7,740,614	1.6%
PIMCO – Income Fund	\$ 112,104	0.0%
Angeles DIF Fund	\$ 24,238,744	4.9%
Crescent High Income	\$ 19,248,107	3.9%
Pending Transfer from Reserves Portfolio	\$ 2,351,832	0.5%
<b>TOTAL INVESTMENTS</b>	<b>\$ 497,493,489</b>	<b>100%</b>

“\$497,493,489  
in total investments”



## Gallup Q15 Employee Survey Results

ACIG conducted its initial Gallup Q12 Employee Survey in December of 2016; we were pleased with the results and have worked to address the lower ranked categories. We expanded the 2018 survey by incorporating three (3) new questions customized for ACIG and a free form feature that provided our team members with the opportunity to express their interest in areas not covered by the survey. Here is a high-level overview of the Gallup Q15 Employee Survey results:

- 99% participation rate, Gallup advises anything above 85% is a success.
- Grand Mean Score increased from 4.17 to 4.32 signaling a higher level of engagement.
- Top Four Categories
  - I have the material and equipment I need to do my job – 4.80 on a 5-point scale.
  - I know what is expected – 4.62
  - Someone at work cares about me – 4.58
  - I have the opportunity to learn and grow – 4.49
- Lowest Four Categories
  - I have a best friend at work – 3.68
  - There is open written and verbal communications – 3.72
  - I have received recognition in the past two weeks – 3.75
  - My opinion counts – 4.13

In addition to the overall results, we received the information by department that has been shared with action plans developed to address the lowest categories.

Click [here](#)\* for the Gallup Q15 Employee Survey Infographic.

*\*Please use your ACIG provided login to access the link to ACIG's SharePoint system. Your login is specific to your company and is shared by your staff companywide. ACIG has previously provided this information to your company's gatekeeper.*

*If you have any login questions, you may contact [spSupport@ACIG.com](mailto:spSupport@ACIG.com).*



## Judicial Hellholes 2018-19

The American Tort Reform Foundation released its *Judicial Hellholes 2018-19* report. This year's report focused in on nine locations throughout the country.

1. **The entire state of California:** California courts have adopted novel theories of liability and unique California laws and expansive court decisions have fostered abusive "no-injury" litigation.
2. **Florida:** The state supreme court issued several civil liability expanding decisions, including overturning a 2013 scientific evidence standard. Meanwhile, the legislature failed to address problems with state laws governing how insurers operate in the state and Florida's no-fault auto statutes.
3. **New York City:** *Judicial Hellhole* status has expanded from asbestos litigation to all types of lawsuits. Frivolous class action cases thrive in NYC and hedge funds are attracted to the investment potential of New York City litigation.
4. **St. Louis, Missouri:** Forum shopping continues to attract litigation tourists at a brisk pace. Lax scientific evidence standards have made St. Louis attractive for talc and similar product liability litigation. No-injury class action cases proliferate, along with personal-injury attorney advertising that taints the jury pool.
5. **Louisiana:** The report states that Governor John Bel Edwards has made it a habit to hire former campaign contributors to represent the state in litigation. Auto insurance continues to be a problem, with more than half of Louisiana drivers uninsured or underinsured.
6. **Philadelphia:** Court of Common Pleas continues to be a *Judicial Hellhole*, as mass tort product cases find a welcome there. The city remains a hotbed for asbestos litigation as well. Litigation tourism often leads to Philadelphia, with over 5,000 prescription drug lawsuits filed there in 2017 alone.
7. **New Jersey:** Legislature was "the most plaintiff-friendly legislature in the country" in 2018. One new law allowed an attorney to collect more money at the expense of the injured worker in workers' compensation cases.
8. **St. Claire and Madison Counties, Illinois:** Continue to distinguish themselves as personal injury attorney havens. Nearly 150 no-injury class actions were filed in St. Clair County. Madison County remains one of the favorite places to bring asbestos litigation, with more than two-thirds of the cases filed for people that did not live anywhere in Illinois.
9. **Twin Cities, Minnesota:** Became a *Judicial Hellhole* after the state attorney general paid \$125 million out of a settlement of a questionable pollution case to an out-of-state private law firm. A series of rulings by a judge in the county court covering Minneapolis stripped a corporate defendant of all defenses and held the trial on damages alone.

ACIG has been an active supporter and financial contributor to the Texans for Lawsuit Reform, which has produced positive results for Texas businesses.



## Lessons from Losses

Fewer U.S. Workers tested positive for prescription painkillers last year, but cocaine, methamphetamine and marijuana use surged, according to new data from Quest Diagnostics, one of the largest drug-testing laboratories in the U.S.

Based on over 10,000,000 urine tests, the positivity rate measured 4.2%.

Positive drug tests and impairment ratings have shown an increase based on recent ACIG claims:

- Driver tested positive for marijuana after a fatal single vehicle rollover accident.
- Subcontractor employee, killed on the construction site, tested positive for drugs.
- An employee jaywalking from his hotel to the project was struck by a vehicle. His blood alcohol level tested positive at the time of the accident, 5:30 a.m.

Due to the hazardous nature of the construction industry, all workers should be considered to have safety-sensitive positions.

## 5 Red Flags of Safety

Hoar Construction produced a video identifying its 5 Red Flags of Safety. Based on a review of their incidents and injuries, they identified 5 Red Flags of Safety that were present when incidents or injuries occurred. The 5 Red Flags are:

1. A change in personnel,
2. Being in a hurry,
3. Communication breakdown,
4. Deviating from the plan; and
5. Using the wrong tool or using the tool improperly

Click [here](#) to view the video, narrated by Bart Wilder; Hoar's Vice President Safety.



## ACIG Contractors in the News

**BMWC Constructors, Inc.** received the Workplace Safety Program Award at the 2019 Oregon Governor's Occupational Safety and Health (GOSH) Conference. This annual award is presented to companies with workplace activities or projects that resulted in an outstanding contribution to occupational health and safety.



Three Rivers Manufacturers Association (TRMA) recognized **BMWC Constructors, Inc.** with Gold and Meritorious awards. These two awards were granted for BMWC's commitment to safety and excellence, which was reflected in the efforts at each of the sites where they are involved. BMWC was also highlighted as having a successful approach to work crew discussions and a focus on relative Near Loss Reporting.



**Cajun Industries Holdings, LLC** took home two awards at GBRIA's 23<sup>rd</sup> Annual Safety Excellence Awards banquet. Cajun received the 1<sup>st</sup> place award for Division II of the General Construction and Maintenance category and the coveted Hal G. Ginn Safety Excellence Award for the best overall safety performance.



**J J White, Inc.** has established a Near Miss/Good Catch program at all of its projects. It rewards and recognizes employees whose Near Miss/Good Catches prevent the most dangerous exposures. Near Miss/Good Catch helmet stickers are awarded based upon the report.



The American Hospital Association's American Society for Health Care Engineering (ASHE) has presented its prestigious Vista Award to **Kitchell Corporation** and others who were part of designing and building the UC San Diego Jacobs Medical Center in La Jolla, CA. It is considered the ultimate national recognition in healthcare building and engineering. Jacobs Medical Center was honored in the category of New Construction. The Jacobs Medical Center project transformed an existing community hospital into a world-class academic institution. The five-year, \$972.9 million project encompassed four distinct phases: enabling projects to prepare the site for development, building an award-winning LEED Gold, 40,000-square-foot central utility plant, selectively renovating the existing community hospital and ultimately constructing the 245-bed, 10-story patient tower.



The American Subcontractors Association (ASA) Midwest Council announced the winners of its Mad Hatter Awards Gala. ASA Midwest Council awarded special safety awards to qualifying ASA members who have achieved work safety excellence in 2018. **Murphy Corporation** was the Safety Award Winner for Division 1. Subcontractors were judged on bid ethics and practice, safety policy and practices, jobsite supervision, communication, scheduling coordination, project relations, administrative procedures and quality workmanship.



**Nabholz Construction Corporation** received the 2019 Associated Builders and Contractors of Arkansas Excellence in Construction Award in the Mega-Projects Healthcare category for the Arkansas Children's Northwest Project.



**Phillips Infrastructure Holdings, Inc.** is certified as a Women's Business Enterprise (WBE) through the Women's Business Enterprise National Council (WBENC), the nation's largest third-party certifier of businesses owned and operated by women in the US.



The Museum of Flight successfully relocated a 60-year-old B-52 into its new home. **Sellen Construction Co., Inc.'s** team was on-hand to assist and ensure a safe relocation process, which took approximately four hours. The MOF's B-52, dubbed "Midnight Express," will be the central feature of the new Vietnam Veterans Memorial Park, built by Sellen's crews.



**J.T. Vaughn Construction, LLC** won the TEXO award for the Baylor University, Louise Herrington School of Nursing Academic Building project in the General Contractor – Education Facilities 2 (\$10-30M) category. As construction manager-at-risk on the project, Vaughn converted an 112,000-square-foot office building into a new, modern home for the expanding nursing program at Baylor University.



**Wagman Heavy Civil, Inc.** and project partner Johnson, Mirmiran & Thompson, Inc. received the 2019 Merit Award for the Odd Fellows Road Interchange project at the Engineering Excellence Awards Gala, hosted by the American Council of Engineering Companies of Virginia. The event recognizes outstanding engineering achievements in Virginia. The Odd Fellows Road Interchange project, an approximately \$30 million design-build project for the Virginia Department of Transportation, included a new interchange along the US Route 29/460 corridor at Odd Fellows Road in Lynchburg, VA.





## ACIG News and Notables



Mike O'Neill, President & CEO, was interviewed by Captive.com for its feature on captive companies. Click [here](#) to view Mike's interview.

Mike O'Neill, President & CEO, was interviewed and filmed by A.M. Best at CICA's International Captive Conference. Click [here](#) to view the video.



James Shay, Executive Vice President Risk Services, was selected to participate in the American Property and Casualty Insurance Association's (APCIA's) first Emerging Leaders Conference.

James Shay was promoted to his new position, Executive Vice President Risk Services at the April 25<sup>th</sup> Executive Committee Meeting.



Micah Bellow, Chief Risk Officer, is attending American Property and Casualty Insurance Association's (APCIA's) Enterprise Risk Management Workshop.



Mary Kilany joined ACIG as Associate General Counsel. She has many years of experience in complex coverage and insurance matters.



Steve Eichinger joined ACIG as a Claims Consultant. Prior to joining ACIG, he worked for Travelers Insurance Company on complex claims.



Chris Moore, ACIG Information Technology (IT) Manager was promoted to his new position, Vice President Information Technology.



## ACIG Education and Networking Calendar

### 2019

SCW

**Safety/Claims Workshop**  
September 11-13, 2019  
Hotel Van Zandt  
Austin, Texas

ARMW

**Autumn Risk Management Workshop, CCIP Sponsor Meeting and Executive Committee**  
October 24-26, 2019  
Four Seasons Hotel Boston  
Boston, Massachusetts

### 2020

ACIGU

**ACIG University**  
January 29-31, 2020  
Grand Hyatt DFW Airport  
Dallas, Texas

AGM

**Annual Meeting, Best Practices and Executive Committee**  
February 26-29, 2020  
La Quinta Resort & Club  
Palm Springs, CA

VCF

**Vail Contractors Forum**  
March 2020  
Four Seasons Vail  
Vail, Colorado

CCIP

**CCIP Sponsor Meeting**  
March 2020  
Scottsdale, Arizona

LCF

**In-House Legal Counsel Forum**  
April 2020  
Grand Hyatt DFW Airport  
Dallas, Texas



## ACIG Thought Leadership

Our team of insurance, risk management, safety, quality and claims professionals have written **three (3)** Lessons Learned Bulletins and White Papers since February 1, 2019.



“Subcontractor Default Insurance 101 – The Basics,” written by Brian Callaghan, Risk Management Executive. Click [here](#)\* to read his White Paper.



“Incorrect High Voltage Switch Gear and Transformer,” written by Larry Owen, Manager – Quality Division. Click [here](#)\* to read his Lessons Learned Bulletin.



“41’ Pile Cutoff Free Falls, Strikes Occupied Excavator,” written by Carl Heinlein, Senior Safety Consultant. Click [here](#)\* to read his Lessons Learned Bulletin.

*\*Please use your ACIG provided login to access the link to ACIG’s SharePoint system. Your login is specific to your company and is shared by your staff companywide. ACIG has previously provided this information to your company’s gatekeeper.*

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## Final Thoughts

Today, contractors face an ever-expanding myriad of risks including broadened contractual requirements and accelerated project schedules. This environment calls for strategic planning and flawless execution. ACIG is ready to assist its Members with creative and innovative approaches to your risk management challenges.

President & CEO





