



ACIG

news

INSIDE THIS ISSUE

- 2** ACIG Financial Report
- 2** A.M. Best: “Captives Outperform Commercial Insurers”
- 3** ACIG’s Investment Portfolio
- 4** Medical Cost Containment
- 5** Claims Data
- 8** SWAT Losses Activity
- 8** Member Evaluations of ACIG’s Risk Mitigation Service Providers
- 9** ACIG Contractors in the News
- 13** ACIG News and Notables
- 14** ACIG Thought Leadership
- 14** ACIG Education and Networking Calendar
- 16** Final Thoughts

June 1, 2019 Renewal Report *Projected Standard Premiums and Payrolls*

Payrolls are estimated to be \$2,944,840,041 for the June 1, 2019-20 policy period. This compares with \$2,915,060,781 of projected payrolls for the June 1, 2018-19 policy period.

The projected premiums for the June 1, 2019-20 renewal are shown below (compared with projected premiums for the June 1, 2018-19 renewal):

	<u>June 1, 2019-20</u>	<u>June 1, 2018-19</u>
Projected core business –		
Workers compensation	\$ 61,406,635	\$ 65,751,225
General liability –		
Retro excess layer	57,363,269	57,696,688
Subcontractor default – Subject layer	28,115,763	28,279,239
Automobile liability –		
	5,470,024	4,943,787
	4,674,868	4,225,167
Subtotal – core business	<u>191,380,440</u>	<u>186,815,697</u>
Projected CCIP business –		
Workers compensation	12,606,356	16,155,208
General liability –		
Retro excess layer	17,885,477	15,697,508
	10,225,479	8,974,574
Subtotal – CCIP business	<u>40,717,312</u>	<u>40,827,290</u>
Grand total	<u>\$ 232,097,752</u>	<u>\$ 227,642,987</u>

A summary of premiums projected for the pooled layer of risk (and included above) follows:

	<u>June 1, 2019-20</u>	<u>June 1, 2018-19</u>
Projected core business –		
Workers compensation	\$ 14,089,138	\$ 15,085,983
General liability	28,115,763	28,279,239
Automobile liability –	4,674,868	4,225,167
Subtotal – core business	<u>46,879,769</u>	<u>47,590,388</u>
Projected CCIP business –		
Workers compensation	2,784,025	3,567,765
General liability	10,225,479	8,974,574
Subtotal – CCIP business	<u>13,009,505</u>	<u>12,542,339</u>
Grand total	<u>\$ 59,889,274</u>	<u>\$ 60,132,727</u>

Our underwriting department issued and transmitted all of our domestic policies prior to the June 1, 2019 effective date.

Thank you for your strong support of the ACIG Program.

ACIG Financial Report June 30, 2019

Balance Sheet Profile (000's)

ACIG reported total assets of \$548,304 as of June 30, 2019 versus assets of \$498,518 reported at December 31, 2018. ACIG's shareholders' equity increased to \$195,431 as a result of strong investment performance (versus \$174,722 at December 31, 2018). ACIG adopted ASU 2016-01 effective January 1, 2019 and, as a result, holding gains for common stocks of \$13,745 (pretax) for the six months 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 (net of tax) of holding gains on common stocks from "net unrealized gains" to beginning retained earnings. The net unrealized appreciation for fixed income securities increased \$8,483 (net of tax) for the six months.

Operating Results for the Six Months Ended June 30, 2019 (000's)

ACIG reported pretax income of \$41,858 for the six months ended June 30, 2019 before policyholder dividends and other return premiums of \$22,686 and related bonuses of \$3,972. ACIG accrued premium refunds of \$22,686 payable to the ACIG insureds pursuant to our capital management strategy versus budgeted transactions of \$20,087. Pretax income was \$15,200, \$12,953 more than budgeted as a result of recognizing \$13,745 of holding gains for common stocks. ACIG reported net income of \$12,226 for the six months ended June 30, 2019 versus budgeted net income of \$1,969.

A.M. Best: "Captives Outperform Commercial Insurers"

Rated U.S. captive insurers continue to outperform the broader commercial insurance market, ratings agency A.M. Best Co. Inc. said in a report issued July 23, 2019. ACIG is one of approximately 200 captives that have an A.M. Best rating. The total number of captives in operation on a worldwide basis is 7,000.

According to the report, the captive market remains profitable, continuing to outperform the commercial casualty composite, with a five-year combined ratio average of 88.8% compared with 99.9% posted by its commercial casualty counterparts.

"These strong results are testament to the segment's close alignment of interests with stakeholders and deeply ingrained risk management culture," said the report.

Despite headwinds from low interest rates, changes in U.S. tax law and prolonged periods of soft market conditions, captive insurers remain nimble and stable, according to A.M. Best.



ACIG's Investment Portfolio

Asset Allocation as of June 30, 2019

	Market Value	Percent of Total
Insurance Reserves Portfolio	\$ 315,343,375	60.9%
<i>Reserve Liabilities</i>	\$ 315,343,375	
BlackRock	\$ 284,410,610	
State Deposits	\$ 35,264,693	
Pending Transfer to Capital Portfolio	\$ -4,331,928	
Capital Portfolio	\$ 202,206,021	39.1%
Equities		
Dodge & Cox (Global)	\$ 8,839,223	1.7%
Vanguard PRIMECAP	\$ 40,470,666	7.8%
Vanguard – International Growth	\$ 9,336,735	1.8%
Wellington Global Perspectives	\$ 6,434,366	1.2%
Angeles GEO Fund Insurance Company	\$ 27,319,088	5.3%
Angeles GEO Fund Limited	\$ 6,181,683	1.2%
Absolute Return		
AIA Absolute Return Fund	\$ 27,358,880	5.3%
Fixed Income		
Western – Absolute Return	\$ 15,285,497	3.0%
T. Rowe Price High Yield Fund	\$ 5,921,322	1.1%
Angeles DIF Fund	\$ 35,618,150	6.9%
Crescent High Income	\$ 15,108,483	2.9%
Pending Transfer from Reserves Portfolio	\$ 4,331,928	0.8%
TOTAL INVESTMENTS	\$ 517,549,395	100%

“\$517,549,395
in total investments”



Medical Cost Containment

This report is for the calendar year 2018. The results are based upon Corvel, Definiti and ReviewMed who process approximately 90% of ACIG's medical bills.

Region	Bills Submitted	Bill Charges	Paid Bills	Gross Savings	Gross % Savings	Fees	Net Savings	Net % Savings
Northeast – including CT, DE, MA, MD, NJ, NY, PA, VA, WV	2,333	\$2,904,444	\$705,039	\$2,199,405	76%	\$92,278	\$2,107,127	73%
Southeast – including AL, FL, GA, MS, NC, SC, TN	869	\$930,557	\$272,159	\$657,899	71%	\$993	\$647,906	70%
Midwest – including IA, IL, IN, KS, MI, MO, MN, NE, OH, WI	1,782	\$2,883,585	\$802,201	\$1,967,989	68%	\$47,995	\$1,919,994	67%
South – including AR, LA, NM, OK, TX	6,817	\$16,358,164	\$3,133,184	\$13,224,983	81%	\$403,624	\$12,821,359	78%
West – including AK, AZ, CA, CO	2,618	\$3,522,970	\$1,108,557	\$2,414,413	69%	\$51,329	\$2,363,084	67%
Totals	14,419	\$26,599,720	\$6,021,140	\$20,464,689	77%	\$596,219	\$19,859,470	74%

ACIG's Medical Cost Containment program has yielded significant cost savings.



Claims Data

We had 196 injuries submitted via the LAF/SIF system of reporting. Of the 196, 16% of the injuries were caused by Material Handling/Overexertion.

Loss Data for Project Lifesaver

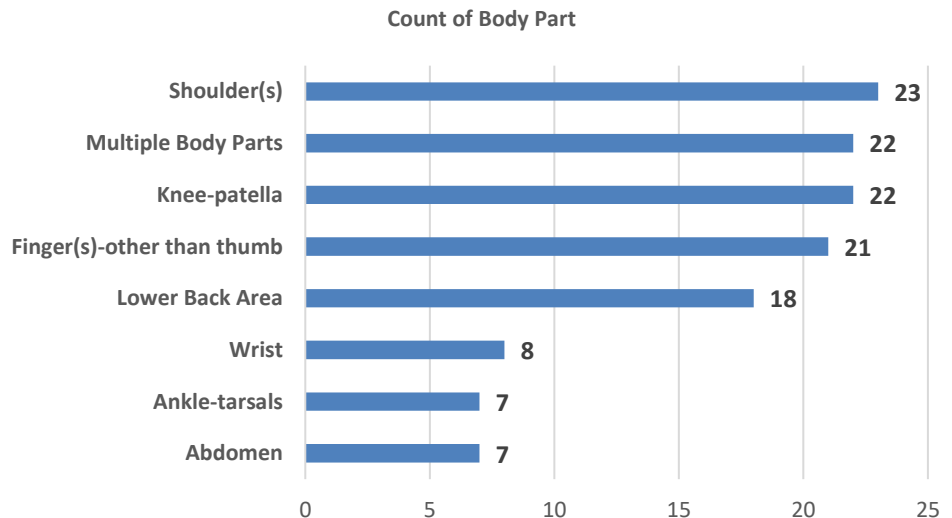
The top ten are listed below:

Count of Activity Hazard Description				
Activity Hazard	General Building	Industrial	Street & Road	Grand Total
Material Handling/Overexertion	17	6	8	31
Slip, Trip, Loss of Balance	9	7	10	26
Caught in/between	9	2	11	22
Fall – Same Level	9	7	6	22
Fall – From Elevation	6	3	7	16
Struck By	7	1	8	16
Contact with Object	5	2	7	14
Motor Vehicle Accident	0	2	9	11
Bending/Twisting	5	3	2	10
Hand Tools – Small Non-Powered	2	1	5	8

Injury by Body Parts

The top ten are charted below:

Shoulder injuries lead, slightly. But as is revealed in the chart, knees, multiple body parts and fingers are very close in numbers.



The top three body parts per industry:

General Building

1. Knee
2. Lower back area
3. Fingers, other than thumb

Industrial/Specialty

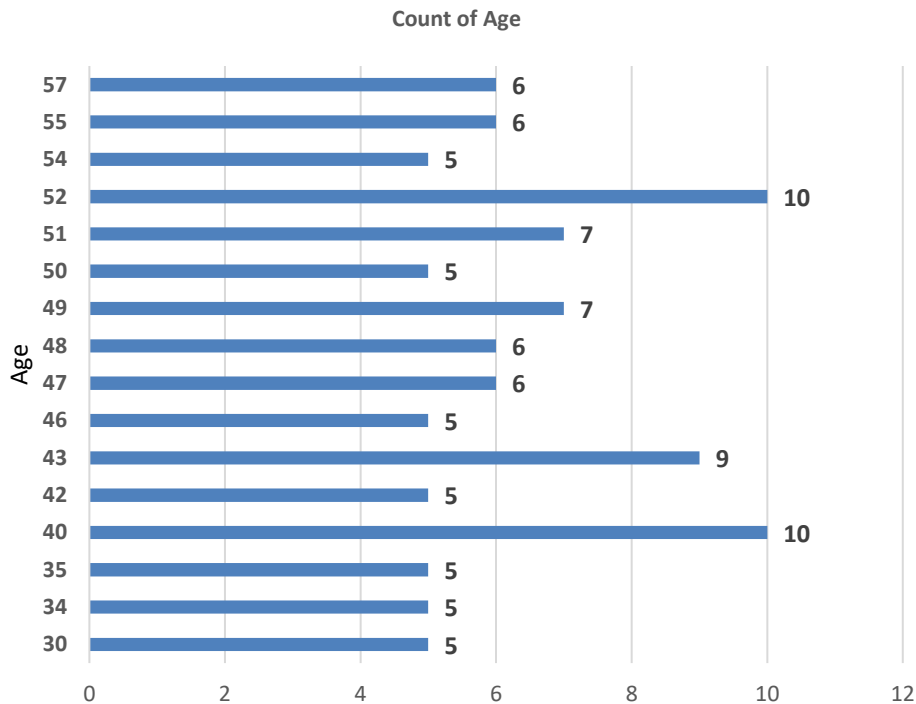
1. Shoulders
2. Multiple body parts
3. Lower back area

Street & Road

1. Multiple body parts tied with Fingers, other than thumb
2. Knees
3. Fingers, other than thumb

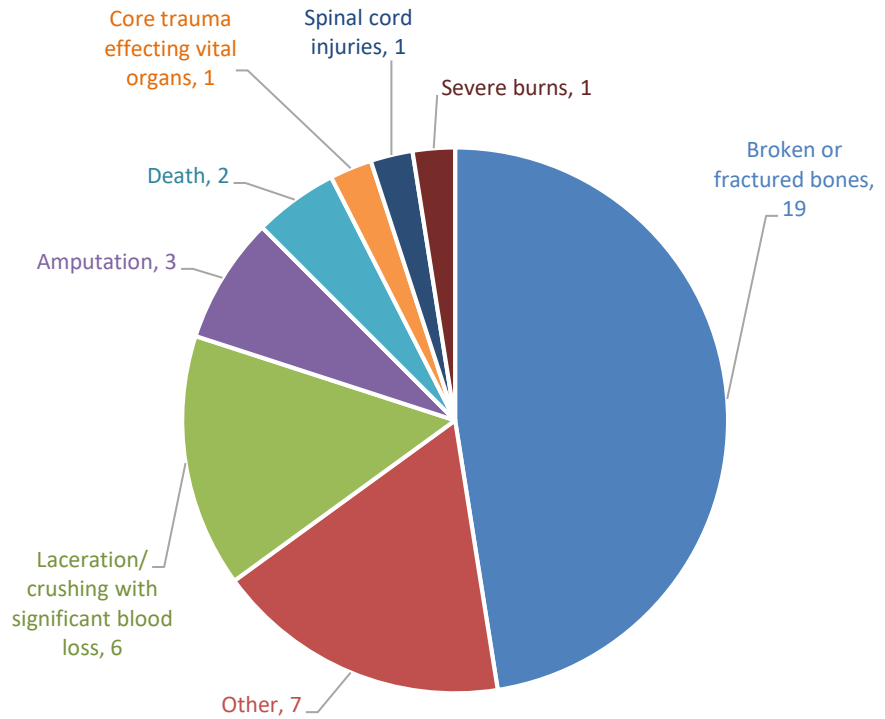
Age

The top two ages are tied, 40 year old and 52 year old. Last year was the first year ACIG saw the average age of injury fall below 50, which had been over 50 for the prior three years.



Serious Injury and Fatality Loss Data

This information is collected from the LAF/SIF forms where SIF is marked 'yes' by our contractors.



SWAT Losses Activity

ACIG and its Members have an established protocol for investigating serious losses. The SWAT investigations are coordinated by ACIG, the Member and Legal Counsel. In the past policy year, June 1, 2018 to June 1, 2019, we conducted the following:

- Four SWAT Investigations
- Three Deaths
- Two Member Employee Deaths
- One Subcontractor Death
- One Subcontractor Electrical Shock

Member Evaluations of ACIG's Risk Mitigation Service Providers

As part of our performance review project, we ask our Members to evaluate the services they are receiving from our outward facing service teams, e.g. Risk, Safety, Quality and Claims Management. ACIG is pleased to share the combined results for 2018-19, the average rating was 4.60, on a 1(lowest) to 5 (highest) scale. We have a cadre of high performers delivering value-added risk mitigation services to our Members.

Special recognition goes to Alida Marraccino, Senior Workers Compensation Claims Representative and Alan Gilliland, Senior Auto Liability Claims Representative on receiving all 5s in each category from every respondent.



ACIG Contractors in the News

Several ACIG Members are celebrating anniversaries in 2019. Congratulations on this outstanding achievement.

Nabholz Construction Corporation: 70 Years

LeChase Construction Services, LLC: 75 Years

Sellen Construction Co., Inc.: 75 Years

SpawGlass Employee Holding Company: 75 Years

[“Conversations around the Corner”](#) is a podcast dedicated to inspiring the next generation of construction leaders through interviews with top executives in the industry. Several of ACIG’s Member executives have been featured in interviews. Click on the link to be taken to the interviews:

BMWC Constructors, Inc.: Brian Acton, CEO

Hoar Holdings, LLC: Rob Burton, CEO

Sellen Construction Co., Inc.: Bob McCleskey, Executive Chairman

Kitchell Corporation: Jim Swanson, President/CEO



BMWC Constructors, Inc. was presented with the Safety Achievement Award at the annual NWI Safety Awards Banquet, held on May 9th. The event, hosted by the Northwest Indiana Business Roundtable (NWI BRT) in partnership with the Construction Advancement Foundation (CAF), is organized to celebrate contractors for their dedication to safety excellence. Such accomplishments specific to the Safety Achievement Award include maintaining Days Away From Work (DAFW), Days Away Restricted or Transferred (DART) and Total Recordable Incidence Rates (TRIR) at lower levels than those of the Northwest Indiana Regional Contractor community on average.



Berglund Construction Company, alongside Perkins-Eastman, accepted the ENR Regional Best Projects awards for their work on the Physics Research Center. Berglund and Perkins-Eastman worked as General Contractor and Architect for the LASR project at The Physics Research Center and The University of Chicago. The project was awarded a Higher Education/Research and Safety Award of Merit by the *Engineering News-Record*.



Cajun Industries Holdings, LLC donated time and equipment to installing the Louisiana National Guard Memorial. In the shadow of the Louisiana State Capitol, the new monument stands to honor the men and women who have served in the Louisiana National Guard. Cajun was pleased to have donated time and equipment to help erect the monument in Veteran’s Memorial Park downtown, where members of the public will now have a permanent spot of quiet reflection and appreciation.

The “Minuteman” monument, dedicated May 21, 2019, includes two large stone pieces topped by a Minuteman statue, which represents the Guard’s roots in Colonial America, dating back to 1636.

The sound of *Taps* closed the ceremony, leaving the public with a new memorial for lifelong reflection, appreciation and celebration.



The **Danella Companies, Inc.** Scholars program was founded in 1996 with the creation of the James D. and Carmen A. Danella Endowed Scholarship at Villanova. Since then, Danella has helped to sponsor the education of scholars at Villanova, and the company recently began sponsoring scholars at the Sidney Kimmel Medical College at Thomas Jefferson University in 2015.



Congratulations are in order for three Danella Scholars. Not only did a Villanova scholar graduate this past May, but also the first two Jefferson Medical Scholarship recipients have finished their education. Corey Savard and Anthony Fragola, who will both be entering their residencies, graduated with honors and are members of the Alpha Omega Alpha Honor Medical Society (AOA).

Graycor Inc. recently received awards for project and safety excellence, presented by the Construction Advancement Foundation (CAF), Northwest Indiana Business RoundTable (NWIBRT) and The Association of Union Constructors (TAUC).



Graycor won the 'Industrial/Capital Project of the Year' award. Graycor—serving as general contractor in a joint venture partnership with engineer firm Sargent and Lundy, LLC—provided self-perform construction services to install the CCR systems at Northern Indiana Public Service Company's (NIPSCO) generating stations in Michigan City and Wheatfield, Indiana.

Haskell, one of the industry's leading integrated AEC firms, recently took home two Excellence in Construction awards along with the Safety award from the Florida First Coast Chapter of Associated Builders and Contractors (ABC). This ABC event is one of the premier competitions in the building and construction industry, recognizing outstanding construction projects around the nation.



The Excellence in Construction Awards program highlights ABC members' achievements in construction, including the quality of work, size of projects and the amount of different materials used. During this year's 23rd Excellence in Construction Awards ceremony, Haskell received awards for Excellence in Construction for its work on several projects spanning various categories, including:

Public Works/Environmental (up to \$100M): JEA South Shores Sub-Aqueous Force Main Project

Industrial \$25-\$100M: U.S. Smokeless Tobacco Company Processing Facility





J.J. White, Inc. Project Manager and Estimator Lisa Hogan participated in the first “Opportunities for Women in Energy: The Voice of Experience” panel discussion hosted by the Keystone Energy Forum, in conjunction with Steamfitters Local 420 and the American Association for Blacks in Energy. Although frequently considered a “male-dominated” field, the increasing role that women play in the energy industry is quickly changing the landscape. Ms. Hogan told her story of getting involved with the Steamfitters apprentice program and working her way through the ranks while raising a child. The flexibility, generous wages and consistent employment opportunities that are afforded to Steamfitters in the energy sector made entering the apprenticeship a no-brainer for her.



Murphy Corporation received the 2019 St. Louis Council of Construction Consumer’s Best Practices award for “Front End Planning.”



Phillips Infrastructure Holdings, Inc. received the Tennessee Valley Authority (TVA) Prime Supplier Leadership Award. This award recognizes that working with Integrity, Safety, Quality and Production in mind requires exceptional leadership from the top to the bottom of the company.



Sukut Construction, LLC was featured in the July 2019 edition of *United Contractors Magazine’s* special feature, “Women in Construction.” After half of a century of success through innovation, Sukut Construction leads the industry by example. This employee-owned, values-driven company continually prospers by maximizing human resources, productivity and efficiency. The Sukut team recognizes that the development of a diverse workforce allows them to more fully benefit from the unique strengths and skills of all sectors of the talent pool.

By creating a welcoming atmosphere of inclusivity for the female workforce in the construction industry, Sukut taps into a vast reserve of new ideas and perspectives. Female employees are invited to explore their individual career trajectories. Programs for growth through training, education and mentorship promote opportunities for success within the Sukut family for the expanding female construction labor market. Sukut Construction celebrates the women who have contributed to their decades of prosperity with a dedication to a future of opportunity.



J.T. Vaughn Construction, LLC won the first place TEXO Award in the General Contractor – Education Facilities 2 (\$10-30 M) Category for the Baylor University, Louise Herrington School of Nursing Academic Building project. The judges evaluated the project’s construction difficulty, unusual construction techniques, final appearance and quality, and the timeliness of completion.

As construction manager-at-risk on the project, Vaughn converted a 112,000 SF office building into a new, modern home for the expanding nursing program at Baylor University.



Wagman Heavy Civil, Inc.'s Senior Vice President, Lisa Wagman Glezer, was inducted into the Circle of Excellence at *Central Penn Business Journal's* 2019 Women of Influence reception on Monday, June 24, 2019. The award is a special recognition for women who are at the pinnacle of their careers and hold a sustained leadership role within their organization and their community.

Lisa returned to the 4th generation family business 18 years ago in business development and has been engaged in the central PA community ever since. Most recently, in addition to her role as Senior Vice President, Lisa is an owner and board member of Wagman, Inc.



ACIG News and Notables

2019 Award of Excellence Recipients

The Board of Certified Safety Professionals (BCSP) is proud to announce the 2019 Award of Excellence. The BCSP Awards of Excellence (AoE) ceremony recognizes top CSPs, OHSTs, CHSTs, STSs, and STSCs who best represent certificants' outstanding leadership, knowledgeable expertise, and commitment to the advancement of the Safety, Health and Environmental profession.



CSP Award of Excellence

Carl Heinlein joined the American Contractors Insurance Group (ACIG) in February 2002 where he contributes to the successful safety initiatives of multiple construction clients. Prior to this, Heinlein worked as the Director of Construction Services for FDR Safety. He is also the former National Safety & Health Director for the Associated General Contractors (AGC) of America.

Heinlein holds a master's degree in Safety & Environmental Management from West Virginia University and the ARM, CSHM, CSP, OHST and STSC safety, health, environmental and risk management credentials.

Heinlein volunteers his time as a member of the National Institute of Occupational Safety and Health (NIOSH) and National Occupational Research Agenda (NORA) Construction Sector. He also sits on the editorial advisory board for Environmental Health and Safety (EHS) magazine. Heinlein is currently a National Director-At-Large for the American Society of Safety Professionals (ASSP), and a Past President of the Board of Certified Safety Professionals (BCSP). Heinlein's leadership skills are sought in his field; he is the former Chair of the West Virginia University's Safety Management Graduate Program Visiting Committee and serves on the advisory committee for the Keene State University Safety Program. He is also an instructor at Embry-Riddle Aeronautical University and an advisor to the University of Fredericton Safety Department.

Heinlein serves on the Board for the Alliance of Hazardous Materials Professionals (AHMP) and is also an active member with the American Industrial Hygiene Association (AIHA), the Associated General Contractors (AGC) of America, National Safety Council (NSC), and the International Safety and Health Practitioners Organization (INSHPO). As such, he is a nationally noted speaker at conferences and an author/contributor to books and research published by these organizations.



ACIG Thought Leadership

Our team of insurance, risk management, safety, quality and claims professionals have written five (5) Lessons Learned Bulletins, newsletters and white papers since May 10, 2019.

“Life-Saving Commitments Newsletter,” May 2019, written by the ACIG Safety team. [Click here](#)* to read the newsletter.

“42” RCP Strikes Two Employees Inside Trench Box,” written by Michael Overholt, Vice President – Safety & Quality. [Click here](#)* to read his Lessons Learned Bulletin.

“Seal Welds – Threaded Connections Failure,” written by Karl Weber, Quality Consultant. [Click here](#)* to read his Lessons Learned Bulletin.

“Quality News Network,” July 2019, written by the ACIG Quality team. [Click here](#)* to read the newsletter.

“Security Services for Construction Projects,” written by Jack Florence, Risk Management Executive. [Click here](#)* to read his white paper.



**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.

ACIG Education and Networking Calendar

2019



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



Autumn Risk Management Workshop, CCIP Sponsor Meeting and Executive Committee
October 23-25, 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 12-14, 2020 Four Seasons Vail Vail, Colorado
CCIP	CCIP Sponsor Meeting March 18-19, 2020 Westin Kierland Scottsdale, Arizona
LCF	In-House Legal Counsel Forum April 2020 Grand Hyatt DFW Airport Dallas, Texas
ECM	Executive Committee Meeting <i>(By Invitation Only)</i> April 22-25, 2020 The Dolder Grand Zurich, Switzerland
BQS	Builders Quality Summit June 2020 San Antonio, Texas
SCW	Safety/Claims Workshop September 2020 Nashville, Tennessee
ARMW	Autumn Risk Management Workshop, CCIP Sponsor Meeting and Executive Committee October 14-17, 2020 Vancouver, British Columbia



Final Thoughts

Wear Your Personal Protective Equipment (PPE)

A hundred years ago, Bullard, a Kentucky-based, family-owned business specializing in mining equipment, introduced the “Hard Boiled Hat.” The original hard boiled hat was manufactured out of a steamed canvas, glue, a leather brim and black paint.

During the 1930’s, Golden Gate Bridge engineer, Joseph Strauss, contacted Bullard to adapt its hats to protect bridge workers. It established the first “hard hat area”. In 1938, the first Bullard aluminum hard hats could be found on construction sites. Today’s hard hats are produced from polyethylene plastic, making them lightweight, durable and non-conductive to electricity with an upgraded suspension system.

Personal Protective Equipment (PPE) is the least effective of the Hierarchy of Controls.



Wear your PPE at work, on the ski slopes, while biking, motorcycling or riding a motorized scooter. Traumatic brain injuries (TBI) may affect your brain cells temporarily, while more serious TBIs can result in bruising, torn tissues and bleeding. These injuries can result in long-term complications and death.

President & CEO

