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ACIG

news

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2018 Year in Review

ACIG had strong and profitable underwriting results in 2018 that allowed us to report assets of \$504,921,000 and shareholders' equity of \$174,722,000. Our investment portfolio was negatively affected the December market sell-off.

I want to provide information concerning some of our key initiatives and activities throughout 2018.

January Conducted our 10th ACIG University program with strong attendance. Met with Swiss Re to conduct an underwriting and claims audit – our results were outstanding!

February Conducted our 15th Annual Best Practices Meeting. The program received excellent scores. The 2nd phase of Project Independence was passed unanimously by the Members, increasing our retained risk.

March Conducted an informal, but very productive, Vail Contractors Forum. Held our semi-annual Contractor Controlled Insurance Program (CCIP) Sponsor Meeting.

April Rose Duff, our long-time Meeting Manager retired. Chelsea Seviante was elevated to Meeting Manager.

Taking a page from Lean Construction, we developed a "pull plan" to issue all June 1, 2018 policies prior to inception.

The Executive Committee met to approve our reinsurance placements, along with other June 1, 2018 renewal terms and coverage.

ACIG sponsored our In-House Legal Forum, which was directed by Rene Pinson, our general counsel.

May Prepared and delivered our insurance renewal proposals.

June We renewed 100% of our insurance programs, added some lines of coverage and expanded our policy limits. All ACIG policies were issued prior to June 1, 2018.

Brian Callaghan joined ACIG as a Risk Management Executive. He brings construction underwriting experience from Zurich and Swiss Re's Corporate Solutions.

ACIG hosted the Builders' Quality Summit for our vertical builders.

- July** Ted Phillips, Sr. passed away. A construction icon, he left his mark on hundreds of projects across the United States.
- August** Reviewed our inventory of large losses to validate and verify our loss reserves.
- September** Willis Towers Watson, our actuaries, completed their examination of our known and unknown losses. Redundant reserves were identified and a plan was developed to release the reserves.
- October** ACIG met with A.M. Best, our rating agency, in Richardson to review our operating results, investments and capital to be used in their stochastic rating model.
- Our Autumn Risk Management Workshop was held at The Montage, where the Project Lifesaver rates were published and presented. We achieved a 15% year-over-year reduction in our workers compensation PLS rate.
- November** Micah Bellow was promoted to Chief Risk Officer and is responsible for our Underwriting and Enterprise Risk Management functions.
- December** Began our financial closing and consolidation of ACIG's December 31, 2018 financials.

We appreciate the leadership and support provided by our Members.

ACIG Financial Report December 31, 2018

Balance Sheet Profile

ACIG reported total assets of \$504,921,000 as of December 31, 2018 versus assets of \$486,763,000 reported for December 31, 2017. ACIG's shareholders' equity was \$174,722,000 (versus \$177,416,000 at December 31, 2017). ACIG posted net unrealized gains on investments (net of tax) of \$10,715,000 at December 31, 2018, a decrease of \$14,028,000 from December 31, 2017.

Operating Results for the Year Ended December 31, 2018

ACIG reported pretax income of \$57,210,000 for the year ended December 31, 2018 before policyholder dividends and other return premiums of \$29,265,000 and related bonuses of \$5,124,000. ACIG accrued premium refunds of \$29,265,000 payable to the ACIG insureds pursuant to our capital management strategy versus budgeted transactions of \$49,000,000. Pretax income was \$22,821,000, \$20,300,000 more than budgeted, primarily because ACIG retained substantially all of its earnings for the quarter ended December 31, 2018. More income was retained than planned in order to increase capital after the significant decline in the investment markets during the fourth quarter. ACIG reported net income of \$19,058,000 for the year ended December 31, 2018 versus budgeted net income of \$1,945,000.



ACIG's Investment Portfolio

Asset Allocation as of December 31, 2018

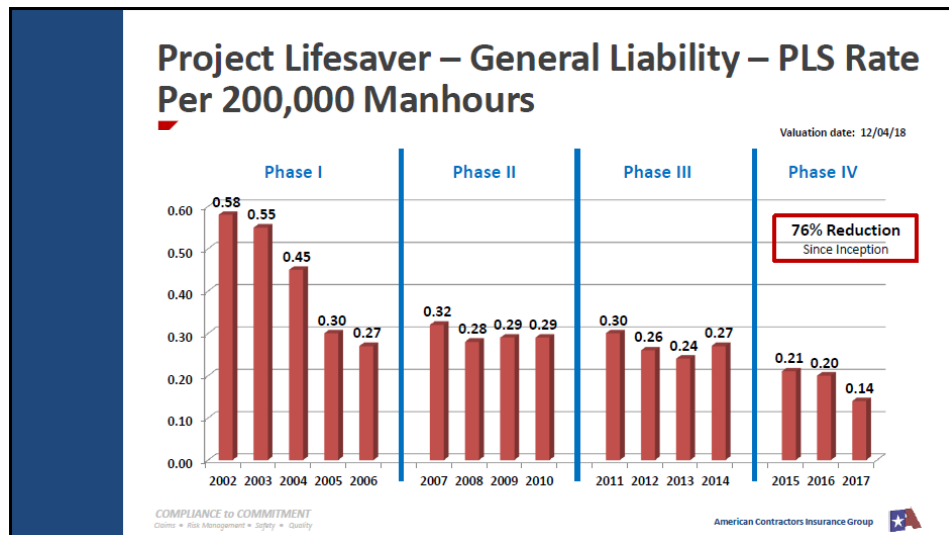
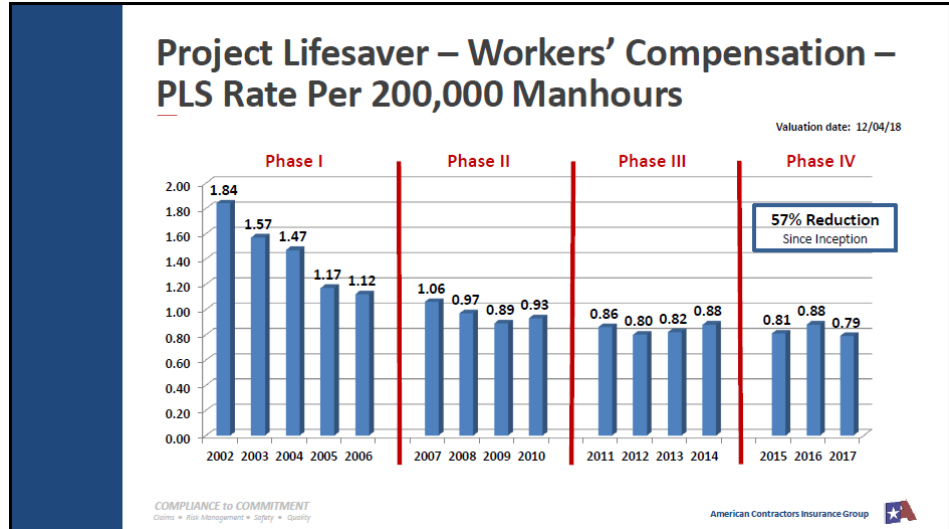
	Market Value	Percent of Total
Insurance Reserves Portfolio	\$ 295,624,358	62.4%
<i>Reserve Liabilities</i>	\$ 295,624,358	
BlackRock	\$ 261,340,567	
State Deposits	\$ 34,248,417	
Western-Absolute Return	\$ 35,374	
Capital Portfolio	\$ 178,057,053	37.6%
Equities		
Dodge & Cox (Global)	\$ 7,875,334	1.7%
Vanguard PRIMECAP	\$ 35,750,270	7.5%
Vanguard – International Growth	\$ 8,159,598	1.7%
Wellington Global Perspectives	\$ 5,640,198	1.2%
Angeles GEO Fund Insurance Company	\$ 23,664,066	5.0%
Angeles GEO Fund Limited	\$ 5,354,635	1.1%
Absolute Return		
AIA Absolute Return Fund	\$ 23,146,427	4.9%
Fixed Income		
Western – Absolute Return	\$ 18,854,882	4.0%
T. Rowe Price High Yield Fund	\$ 7,252,997	1.5%
PIMCO – Income Fund	\$ 100,500	0.0%
Cash	\$ 23,924,000	5.1%
Crescent High Income	\$ 18,334,146	3.9%
TOTAL INVESTMENTS	\$ 473,681,411	100%

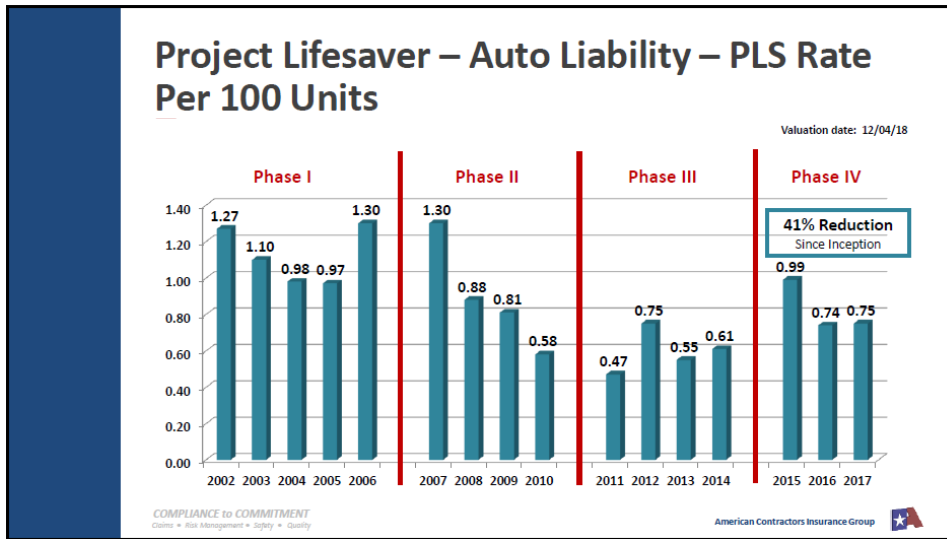
*“\$473,681,411
in total investments”*



Project Lifesaver

The following exhibits provide a historical view of our PLS rates over the past 15 policy years.

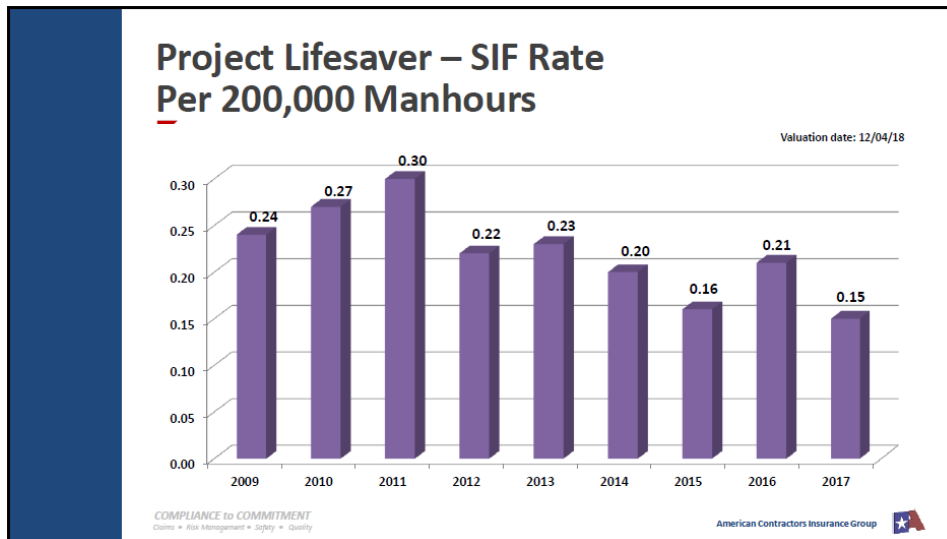




Serious Injury and Fatality Initiative

Beginning in 2009, we sharpened our focus on accidents that resulted in serious injuries and/or fatalities. Our SIF Committee is working in conjunction with ACIG staff to coordinate our activities.

This exhibit displays our SIF rate over the past 9 policy years.





2018 SIF High-Impact Fall Protection Workshop

This past October and November, ACIG Member representatives traveled to Deer Park, TX for the fall-protection installment of the ACIG High-Impact Training Series. Three workshop sessions offered 60 people a "hands-on" approach in training.

Thom Kramer, Managing Principal at LJB Inc. and Chair of the ANSI 2359 Standards Committee, and Dan Henn, Vice President of Operations at Reliance Fall Protection, led each ACIG-sponsored two-day workshop at Reliance's manufacturing and training center. Attendees were provided an in-depth, hands-on experience in fall protection equipment uses and approaches. Most importantly, the instructors discussed common misconceptions regarding abilities of various types of fall protection equipment. Through drop towers and test weights, Dan and Thom were able to demonstrate possible negative and dangerous outcomes when equipment is misused.



For more information on this workshop, click [here](#)*

**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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Hackers Take Control of Construction Cranes, Excavators and Scrapers

A recent article in *Forbes* reported on the vulnerability of construction cranes, excavators and scrapers to cyber hacking attacks. These types of equipment were found to be vulnerable to cyber-attacks. Potential consequences range from theft and extortion to sabotage and injury.

The complete article can be found by clicking [here](#).



BLS' 2017 Census of Fatal Occupational Injuries

The Bureau of Labor Statistics (BLS) has published its National Census of Fatal Occupational Injuries for 2017.

There were 5,147 fatal work injuries in 2017, down slightly from 5,190 reported in 2016. The fatal injury rate decreased to 3.5 per 100,000 full-time workers from 3.6 in 2016.

Some interesting observations from the data:

- Fatal falls of 887 were at their highest level in the 26 years the census has been published.
- Transportation incidents remained the most common fatal event in 2017 with 2,077, equaling 40% of occupational deaths.
- Unintentional overdose of non-medical use of drugs or alcohol while working increased by 25% year over year, validating that the Opioid Crisis is affecting both employers and their employees.
- Workers age 65 or older accounted for 15% of fatal incidents. These workers had the highest fatality rate.
- The construction industry accounted for 971 fatalities (18.8%) of the total.
- Construction fatality rate improved from 10.1 to 9.5 per 100,000 of full-time workers.
- States with the highest fatality rates:
 - Alaska 10.2
 - North Dakota 10.1
 - Wyoming 7.7
 - West Virginia 7.4
 - South Dakota 7.3
- States with the lowest fatality rates:
 - New Hampshire 1.6
 - New Jersey 1.6
 - Rhode Island 1.6
 - Connecticut 1.9
 - California 2.2

Click [here](#) for the BLS News Release.



Unique ACIG Contractor Projects

Cajun Industries, LLC – Sasol Megaproject



Contract Value:	\$906,000,000
Peak Manpower:	2000 Craft 200 Staffing
Total Manhours:	10,750,000 MHs
Direct/ Craft Support:	9,692,945 MHs
Staffing:	1,057,054 MHs

Installed Quantities:

2,620,000 CY Excavation/Grubbing
2,310,000 CY Backfill
55,000 CY Seal Slab/Mud Mats
202,000 CY Structural Concrete
40,000 CY Concrete Paving
96,000 LF Carbon Steel Piping
100,000 LF HOPE Piping
52,000 LF RCP/RCB Culvert
880 EA Catchbasins/Manholes/ Vault Boxes
7250 EA Auger and DDP Piling
13,400 EA Concrete Precast Piling
55,000 LF Permanent & Temporary Sheet Piling

Cajun was awarded the marine construction dock, civil, concrete foundation, underground pipe and deep foundation work for the new facility in Lake Charles, Louisiana. The overall program involved construction of a \$7 billion ethane cracker and derivatives project to convert natural gas to ethylene.

The ethylene produced in the facility will be used in six downstream plants on site to produce a range of high-value derivatives including ethylene oxide, mono-ethylene glycol, ethoxylates, low density and linear low density polyethylene, Ziegler and Guebert alcohols that will further strengthen Sasol's position in the global chemical market. These derivatives are used in everyday consumer products, such as synthetic fibers, soft drink cans, detergents, fragrances, paints, film and food packaging.

Cajun's site work scope included preparation of a 1,150 acre site, establishment of two retention ponds and installation of all underground piping. Other work included major foundation, underground piping and deep foundation (piling) work for the ethane cracker and a linear low-density polyethylene process unit. Foundation and underground work for off-site utility and infrastructure support systems/facilities for the six process units already planned for the expansion was also part of the scope of work. Additionally, the off-site utility and infrastructure support systems/facilities work included interconnecting pipe racks; a large capacity cooling tower and associated foundations; site preparation, drainage and foundations for rail-loading spurs; site substation foundations; storage tank and boiler foundations; raw water treatment clarifier unit foundations; alcohol processing unit foundations; underground electrical duct banks; control room data conduit underground utility; and permanent plant asphalt roads.



Job To Date

Statistics

Safe Work Manhours	6,707,903	Manhours
Restricted Work Day Cases	0	
OSHA Recordables	1	
First Aid Cases	138	Each
SIF's	7	Each
Near Misses	47	Each
Jobsite Hazards & At-Risk Behaviors	397,992	Each
Property Damages	95	Each
Accident/Near-Miss Investigation	282	Each
Pre Con – Meeting	29	Each
STA (Safety Task Assignment)/ Pre-Task Plan	125,117	Each
Spotter/Flagger Pre-Task	51,968	Each

Audit Summary

Cajun Job Safety Audit	35,155	Each
Cajun Jobsite Safety Recommendations	15,865	Individual Items

Observation Recommendations

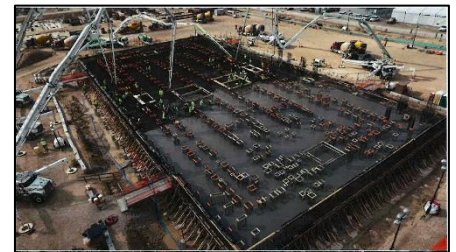
Hazard Recognition Award Program	4,103	Awards
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Training

New Employee Orientations	6,869	Trainings Accomplished
Supervisor & Competent Person Training	109	Trainings Accomplished
Competent Person/Professional Training	4,592	Trainings Accomplished
Quality Training	485	Trainings Accomplished
Compliance/HAT box Training	191,246	Trainings Accomplished
Small Tool Training	15,387	Trainings Accomplished
Equipment Training	2,278	Trainings Accomplished

<u>Year</u>	<u>TRIR</u>
2014	0.00
2015	0.00
2016	0.04
2017	0.00
2018	0.00

**Outstanding
Safety
Results!**





ACIG Contractors in the News

Ajax Paving Industries – Florida took part in Hurricane Michael relief efforts. While spared by Hurricane Michael, a fellow paving company in Panama City, Roberts and Roberts, Inc., took a direct hit, impacting the company and its employees. Ajax raised \$10,000 for gift cards, plus donated tarps and pallets of bottled water that they delivered to many thankful victims.



Berglund Construction Company was featured in the *Chicago Tribune* for its renovation work on Chicago's Union Station.



BMWC Constructors, Inc. announced the following leadership changes as they continue their strategic growth plan for the future, effective January 1, 2019.

- Jim B. Davis, Chairman of the Board, will be stepping down after eight (8) years in that role.
- Brian K. Acton, President & Chief Executive Officer (CEO), will be moving into the role of Chairman of the Board while retaining his role as CEO.
- Chris A. Buckman, Vice President of Corporate Construction, has been promoted into the role of President & Chief Operating Officer (COO).



Graycor Industrial Contractors was recently awarded the America's Safest Companies Award by *Environmental Health and Safety Today*. "Nothing is more important than safety, not production, not sales, not profits," says Randy Hynek, Graycor Safety Director.



Haskell's Steel Fabrication Shop celebrated 10 years without a recordable incident. An amazing accomplishment in an environment where the work is hot, heavy and sharp. This operation employs 45 full-time employees.



Debbie Bridges of **Hoffman Corporation** received the Daily Journal of Commerce 2018 Women of Vision Award. She has been a tireless advocate for improvements to Hoffman's risk management, insurance and safety program for nearly 30 years.



LeChase Construction Services, LLC is celebrating its 75th anniversary.



Kitchell Corporation was awarded OSHA's VPP Star Status designation. VPP is a continuous improvement program and recognizes a construction company's commitment and safety culture.



Dick Walterhouse, Chief Risk Officer of **Charles Pankow Builders, Ltd.**, received the first Bill McIntyre Leadership Award at International Risk Management Institute's Construction Risk Conference. This new award recognizes individuals who have made significant contributions to the construction industry through innovative risk management strategies and tactics.



ACIG News and Notables

On November 17, 2018, **Rob Berryman** was inducted into the Sons of the American Revolution. Here is a little information on Jacob Rose and Silas Bowker, two of his Patriot Ancestors. Jacob was married to Lisa Bowker. Lisa Bowker was the daughter of Silas Bowker. Silas (Rob's 6th great grandfather) served as a spy for the colonies, watching and reporting back on the location and activities of Indian tribes aligned with the British. In 1779, he was captured by the British and Indian tribes and held captive for 14-15 months. He eventually escaped captivity and returned to his family.

Jacob Rose (Rob's 5th great grandfather) enlisted in the Continental Army at Rochester, New York in November of 1778 at the age of 17. He served as a Private in Captain Jonathan Hallet's Company, Colonel Philip Van Cortland's 2nd New York Regiment, the New York Line. He was present at the Battle of Newtown and at the Battle of Yorktown. He was present at the surrender of Cornwallis, which in effect ended the war. Jacob Rose was Honorably Discharged from service in June of 1783 and was awarded his Revolutionary Pension (W4578) on November 27, 1818.



ACIG Thought Leadership

Our team of insurance, risk management, safety, quality and claims professionals have written four (4) Lessons Learned Bulletins and newsletters since October 1, 2018.

"Electric Shock" written by Mike Ruefer, Senior Safety Consultant. Click [here](#)* to read his Lessons Learned Bulletin.

"Horseshoe Shims vs Solid Shims for Use in Rainscreen Claddings" written by Collin Sutt, Quality Consultant. Click [here](#)* to read his Lessons Learned Bulletin.

"Life-Saving Commitments Newsletter," January 2019, written by the ACIG Safety Team. Click [here](#)* to read this newsletter.

"Quality News Network," December 2018, written by the ACIG Quality Team. Click [here](#)* to read this newsletter.

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Life-Saving Response

Cardiopulmonary Resuscitation (CPR) training saved the life of a Lyon and Pinner electrician. John Noeling and Cesar DeAlba, Berglund employees, were able to disengage the electrician from energized cables and then administer CPR until first responders arrived on the scene.

2019 ACIG Education and Networking Calendar

ACIGU	ACIG University January 23-25, 2019 Grand Hyatt DFW Airport Dallas, Texas
AGM	Annual Meeting, Best Practices and Executive Committee February 20-23, 2019 Eau Palm Beach Resort & Spa Manalapan, Florida
VCF	Vail Contractors Forum March 14-16, 2019 Four Seasons Vail Vail, Colorado
CCIP	CCIP Sponsor Meeting March 20-21, 2019 The Westin Kierland Scottsdale, Arizona
LCF	In-House Legal Counsel Forum April 8-9, 2019 Grand Hyatt DFW Airport Dallas, Texas
ECM	Executive Committee Meeting <i>(By Invitation Only)</i> April 24-27, 2019 Four Seasons Resort Maui at Wailea Maui, Hawaii
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



Final Thoughts

Well, we are barely six (6) weeks into 2019, how is it going so far?

At the close of each year, I perform a ritual of sorts, looking for a metaphorical launching pad into a brand new year.

Benjamin Franklin, one of America's prominent fore fathers – and a distinctive character by any measure wrote, "be at war with your vices and at peace with your neighbors."

Brad Paisley, country music superstar, brings it all down to earth with his lyrics, "Tomorrow is the first blank page of a 365-page book, write a good one."

Grab a pen, pencil, laptop, smartphone, notebook or envelope – anything – and let's get going. We've only got 327 pages left in 2019.



President & CEO

