



# ACIG news

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## Performance Excellence and Key Performance Indicators (KPIs)

American Contractors Insurance Group not only sponsors and facilitates the Performance Excellence Peer Group of our Members, but we are also actively engaged in our own Performance Excellence initiatives.

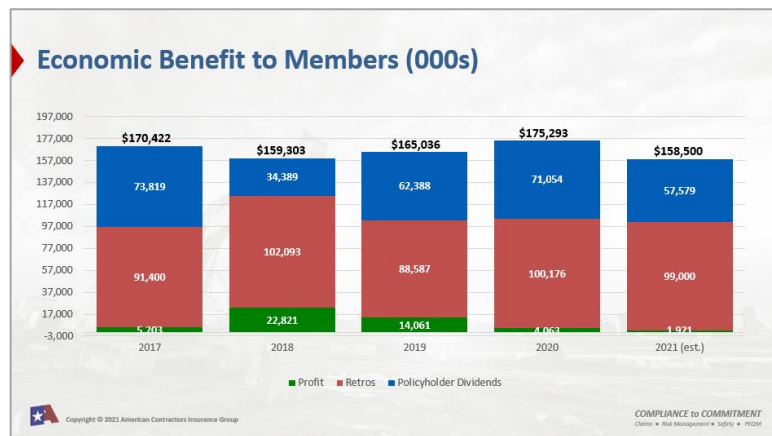
Performance excellence refers to an integrated approach to organizational performance management that results in:

- Delivery of ever-improving value to members and stakeholders, contributing to organizational sustainability;
- Improvement of overall organizational effectiveness and capabilities; and,
- Organizational and personal learning.

One of the building blocks in developing a Performance Excellence Program is the establishment and measurement of Key Performance Indicators (KPIs).

A Key Performance Indicator is a measurable value that demonstrates how effectively a company is achieving key business objectives. Organizations use KPIs at multiple levels to evaluate their success at reaching targets.

ACIG utilizes 24 specific KPIs, each is assigned a green, yellow or red color code signaling its position. I want to share with you four of our key KPIs, all four of them are the “green zone.”



The economic benefit is broken out into three categories: profit (consists of premiums, less underwriting expenses, losses, and claims adjusting fees), retros (the return premium paid to the Members, which directly relates to the loss experience of the respective Members), and policyholder dividends (return of earnings).

The total economic benefit to ACIG’s members was \$175.3 million for the year ended December 31, 2020. This economic benefit consists of \$71.0 million of policyholder dividends, \$100.2 million of retro returns and \$4.1 million of pretax income. The economic benefits for the 2019 and 2018 calendar years were approximately \$165.0 million and \$159.3 million, respectively.

**Underwriting Results by Program (in 000's)**  
(Includes 2005-2019 Policy Years)

	Core Program	CCIP Program
<b>Premiums</b>		
Standard Premiums	\$ 2,031,865	\$ 351,221
MSA/Retro Return	(962,483)	(159,612)
Net Premiums	1,069,382	191,609
Capital Management Transactions	(404,163)	(64,289)
<b>Losses Incurred</b>		
Known Losses	602,627	69,924
IBNR	101,591	40,842
Total Incurred Losses	704,218	110,766
Known Loss Ratio	29.7%	19.9%
IBNR Loss Ratio	5.0%	11.6%
Total Loss Ratio	34.7%	31.5%

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For the Core program, the Known Loss Ratio is 29.7%, the IBNR Loss Ratio is 5.0% and the Total Loss Ratio is 34.7%. The Total Loss Ratio is Total Incurred Losses divided by standard premiums.

For the CCIP program, the Known Loss Ratio is 19.9%, the IBNR Loss Ratio is 11.6% and the Total Loss Ratio is 31.5%. Total Loss Ratio is Total Incurred Losses divided by standard premiums.

**Pooled Layer Results**  
(in 000's)

	2019/20 Policy Year Actual as of 12/31/20	2018/19 Policy Year Actual as of 12/31/20
<b>Workers Compensation</b>		
Premiums	\$ 13,266	\$ 15,166
Losses		
Known	931	622
IBNR	4,190	3,515
Total losses	5,121	4,137
Pre-tax underwriting profit	8,145	11,029
<b>Liability</b>		
Premiums	39,016	39,400
Losses		
Known	3,488	5,705
IBNR	15,657	11,555
Total losses	19,145	17,260
Pre-tax underwriting profit	19,871	22,140
<b>Grand total</b>		
Premiums	52,282	54,566
Losses		
Known	4,419	6,327
IBNR	19,847	15,070
Total losses	24,266	21,397
Pre-tax underwriting profit	\$ 28,016	\$ 33,169

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The pooled layer beginning June 1, 2020 is generally \$6,650,000 excess of \$350,000 per accident. The premiums, losses, and pre-tax underwriting profits are shown for the two most recently expired policy years.

For the full term of the 2019/20 policy year, total premiums for the pooled layer were \$52.3 million, total losses were \$24.3 million, and total pre-tax underwriting profit was \$28.0 million.

For the full term of the 2018/19 policy year, total premiums for the pooled layer were \$54.6 million, total losses were \$21.4 million, and pre-tax underwriting profit was \$33.2 million.



**Development of Incurred Losses and ALAE (in 000's)**

As of	Policy Years	Change in Known Losses	Change in IBNR Reserves	Net Change in Losses	Net Change in Losses		
					Retro Subject	Excess Liability	Excess WC
12/31/2020	1987-2018	\$ 26,016	\$ (60,039)	\$ (34,023)	\$ (20,263)	\$(10,986)	\$ (2,774)

Notes:  
1) Includes CCIP projects.

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**The change in losses for closed policy years is broken out between the change in known losses and the change in IBNR, further separated between the change in the retro subject layer and the change in the pooled layer. Loss development is favorable when the increase in known losses is less than the reduction in IBNR reserves.**

For the closed policy years of 2018 and earlier, the increase in known losses for the 2020 calendar year was \$26.0 million, and the decrease in IBNR reserves was \$60.0 million, for a favorable decrease in total indicated losses of \$34.0 million.

In future newsletters, we will provide additional information on our other KPIs and their color code.



## ACIG Financial Report December 31, 2020

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

ACIG reported total assets of \$584,817 as of December 31, 2020 versus assets of \$560,352 reported at December 31, 2019. ACIG's shareholders' equity was \$229,981 versus \$199,512 at December 31, 2019. ACIG's capital target is \$200,000; however, capital increased well above target primarily because Members contributed additional capital of \$10,506 to ACIG, and net unrealized gains increased by \$17,335.

### *Operating Results for the Year Ended December 31, 2020 (000's)*

ACIG reported pretax income of \$75,117 for the year ended December 31, 2020 before policyholder dividends and other return premiums of \$60,467 and related bonuses of \$10,587. ACIG accrued premium refunds of \$60,467 payable to the ACIG insureds pursuant to our capital management strategy versus budgeted transactions of \$42,920. Profit distributions were maximized to limit growth of ACIG's capital. ACIG reported net income of \$3,503 for the year ended December 31, 2020 versus budgeted net income of \$5,918.

## **“Captive Business is the Best Business”**

Captive insurance companies in Bermuda rated by A.M. Best Company outperform their counterparts in the commercial casualty insurance sector.

The captive's combined ratio, a measure of profitability, over a 5-year period averaged 85%, 15 points better than the 100% combined ratio reported by the group's peers in the commercial casualty segment.

Because of their expertise, homogeneity of risks they insure, and their close working relationships to those risks, captives are more nimble and have been able to improve outcomes faster than the standard markets, proving once again, “Captive Business is the Best Business.”



## ACIG's Investment Portfolio and Performance

### Asset Allocation as of December 31, 2020

	Market Value	Percent of Total
<b>Insurance Reserves Portfolio</b>	<b>\$ 342,732,752</b>	<b>58.8%</b>
<i>Reserve and Related Liabilities</i>	\$ 342,732,752	
Pending Transfer from Capital Portfolio	\$ 9,719,850	
<b>Reserve Portfolio Subject to Asset Allocation</b>	<b>\$ 333,012,902</b>	
BlackRock	\$ 296,658,649	
State Deposits	\$ 36,354,253	
<b>Capital Portfolio</b>	<b>\$ 240,742,287</b>	<b>41.2%</b>
<b>Equities</b>		
Vanguard PRIMECAP	\$ 44,737,397	7.7%
Vanguard – International Growth	\$ 16,530,940	2.8%
Harding Loevner Global Equity	\$ 4,733,696	0.8%
Angeles GEO Fund Insurance Company	\$ 29,475,819	5.1%
Angeles GEO Fund Limited	\$ 36,712,301	6.3%
<b>Absolute Return</b>		
AIA Absolute Return Fund	\$ 30,727,473	5.3%
<b>Fixed Income</b>		
Western – Absolute Return	\$ 11,641,701	2.0%
T. Rowe Price High Yield Fund	\$ 6,484,763	1.1%
Investment Grade Corporate Bond ETF	\$ 11,589,107	2.0%
Angeles DIF Fund	\$ 45,754,725	7.8%
Angeles Private Credit Fund – Pending Capital	\$ 10,000,000	1.7%
Call		
<b>TOTAL INVESTMENTS</b>	<b>\$ 583,475,039</b>	<b>100%</b>

“\$583,475,039  
in total investments”

### Performance

	QTD	1 Year	3 Years	5 Years	Inception	Inception Date
<b>Total Portfolio</b>	<b>4.6%</b>	<b>9.1%</b>	<b>5.9%</b>	<b>6.3%</b>	<b>5.6%</b>	<b>10/01/95</b>
<b>Insurance Reserve</b>	<b>0.7%</b>	<b>5.3%</b>	<b>4.1%</b>	<b>3.3%</b>	<b>3.9%</b>	<b>04/01/98</b>
<b>Capital Portfolio</b>	<b>11.0%</b>	<b>15.2%</b>	<b>8.8%</b>	<b>10.2%</b>	<b>6.3%</b>	<b>04/01/98</b>

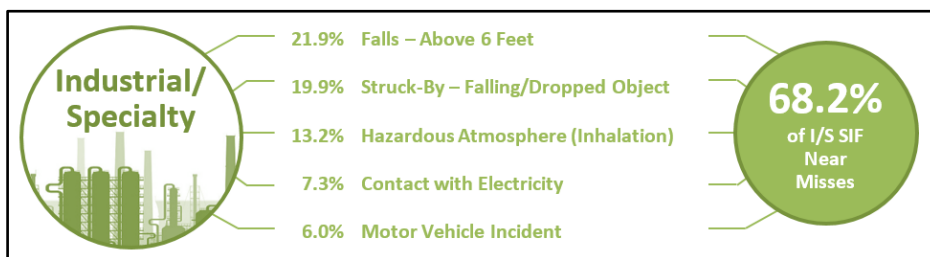
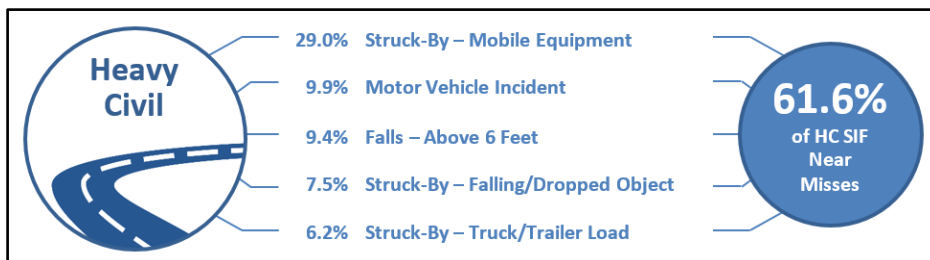
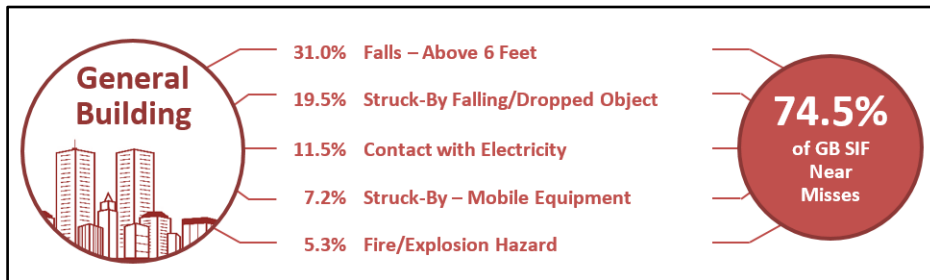


## Serious Injury and Fatality Initiative

One of the silver linings that came from 2020 and quarantining was having the time to assess our SIF – focused initiatives. This included rebranding ACIG’s Life-Saving Commitments, introducing a new Strategic Safety Plan and positive progress in our Near Miss/Good Catch programs.

PY 2019-20 PLS Reportable Claims vs. Near Misses		
Total Reportable Claims (as of 12/2/20)	226	29.6%
Total SIF Claims (as of 12/2/20)	67	SIF
Total Near Misses (as of 1/4/21)	3872	32.9%
Total SIF Near Misses (as of 1/4/21)	1272	SIF

### Top 5 SIF Categories by Industry Group



## Heroes Amongst Us

*Paul Barents, Danella Companies, Inc., Vice President – Special Projects*



I first met Paul Barents in 1995 on a trip to Danella's Headquarters in Plymouth Meeting, PA. At that time, Paul was running Danella Rental Systems, Inc. He was using a wheelchair for mobility. I was quite impressed with Paul's business acumen and his sharp wit. As the years went on, I learned more about Paul and his military service in the U.S. Marine Corps.

On December 7, 1967, he had been in Vietnam for 10 weeks. Lieutenant Paul Barents was setting up a night ambush, south of the village of Phu Bai, when he got a radio call from his captain to be alert for an attack from across the river behind him and his troops. As he crept back to his men in the darkness, a new Marine in the platoon mistook him for an enemy soldier and open fired with his M-16 rifle. The bullets broke his right femur, both bones in his left leg and lacerated critical arteries in both legs. Paul collapsed and hollered, "Cease fire," but the damage had been done. Medevac responded and flew him to the nearest field hospital. On December 18<sup>th</sup>, his right leg was amputated above the knee. On December 29<sup>th</sup>, his left leg amputated below the knee.

Back home, Kathryn, his new bride received the tragic news of his injuries and subsequent surgeries. She and Paul met when they were students at the University of Massachusetts at Amherst. They were married on June 17, 1967 at Our Lady of Sorrows in South Orange, NJ. Paul wore his dress white uniform, she was in a white wedding gown. He joined the Marine Corps in January 1967. This was a critical time in the Vietnam War. We lost 11,400 soldiers in 1967 and 16,900 in 1968. These two years account for over 50% of the names on the Vietnam Memorial Wall in Washington, DC.



Jim Danella first met the former U.S. Marine Corps lieutenant, rifle platoon leader, and Purple Heart recipient at a Tae Kwon Do class in the late 1970s. Jim was nervous as he prepared for his first Tae Kwon Do advancement test. It was then that he saw Paul, who lost both legs in Vietnam, complete his advancement test with consummate confidence and skill. Jim thought if this disabled veteran can pass the test certainly I can, which he did. Jim and Paul continued Tae Kwon Do through twelve levels, achieving the status of second-degree Black Belt.

Jim asked Paul to join Danella Construction Company three times before he finally agreed. In 1984, he joined and his first assignment was to look after the rental fleet that numbered about a hundred units at that time. Later, a separate division, Danella Rental Systems, Inc. was formed in 1986 and is still active. Under Paul's guidance, their rental operation grew by focusing on the specific needs and requirements of the railroad, commuter transit and public utility industries. Today, Danella Rental Systems, Inc. has over 1700 vehicles and 344 pieces of construction equipment.



Paul has been a life-long athlete and enjoys a variety of physical fitness activities, including Crossfit, which his daughter and son-in-law encouraged him to try, biking utilizing a handcycle including many Philadelphia to Atlantic City rides, 62-miles one-way. Paul enjoys rowing on the waters of the Schuylkill River in Philly, additionally fishing, kayaking and some snow skiing.



Paul and Kathryn are devout Catholics and attend weekly mass. Their aspirations include enjoying long, healthy lives together, and continuing to see their children and grandchildren grow into happy, constructive adults. They have two children. A son who is a retired Naval aviator and a daughter who has a PhD in Physical Therapy.

Paul does not recognize his physical challenges as a handicap. He lives his life to the fullest everyday knowing it could have ended, like so many others, in the jungles of Vietnam.

To illustrate Paul's humility, when I interviewed him for this first Heroes Amongst Us article, he told me simply "Mike, I'm no hero."

I am proud of Paul and all of our other active and military veterans who sacrificed so much to protect America.





## ACIG Contractors – Anniversaries



**Berglund Construction Company** is celebrating its 110-year anniversary.



**Goodfellow Bros. LLC** is celebrating its 100-year anniversary.



**Graycor Inc.** is celebrating its 100-year anniversary.

## ACIG Contractors in the News



Chris Buckman was elected Chief Executive Officer of **BMWC Constructors, Inc.** Effective January 1, 2021.



**Graniterock's** concrete team proved they are among the country's top producers by winning the National Ready Mix Concrete Association's Producer Excellence in Quality Award.



**Graycor Inc.** was recognized for its overall safety performance by the Construction Users Roundtable in the General Builders Contractors Category  $\geq$  500,000 and  $\leq$  3,000,000 workhours/year.



Bob Vincent, **Hoffman Corporation** Project Manager was selected as one of ENR's Top 25 Newsmakers for 2020. Bob was the project manager on the Seattle Space Needle renovation project.



Kaley Simon, **Kitchell Corporation** was selected as one of ENR's Top Young Professionals. She is Preconstruction Manager for their Texas region.



**SpawGlass Employee Holding Company** was recognized for presenting its 300 Craft Professionals with \$500 checks in gratitude for working safely throughout the COVID-19 pandemic.



**Sukut Construction, LLC**, Sam Aiello, received the Beaver's Golden Beaver Supervision Award. Sam joined Sukut in 1987 as a heavy equipment operator and advanced throughout his career on a number of high profile projects.



## James Shay Promoted to President/CEO Effective July 1, 2021

The ACIG Executive Committee approved and your Board of Directors ratified, James Shay's promotion to Chief Executive Officer (CEO) effective July 1, 2021. He will be replacing Mike O'Neill, who is retiring on June 30, 2021.

Mr. Shay joined ACIG in 2005. He started as a Risk Management Executive supporting several General Builders in the area of risk management, including builders risk, subcontractor default insurance, general liability, excess liability, workers' compensation, subcontracts, subcontract insurance, professional and pollution liability, owner contracts, contractor controlled insurance programs, owner controlled insurance programs, risk financing and budgets.

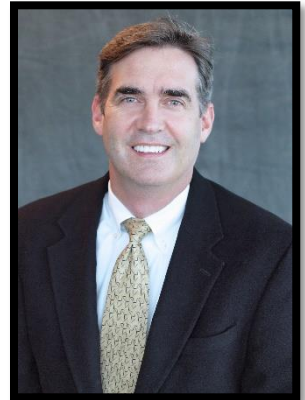
He coordinated ACIG's strategic alliance relationship with Zurich North America, which included deployment of the Contractor Controlled Insurance Program that is currently utilized by fourteen (14) ACIG Members.

Prior to joining ACIG, Mr. Shay worked as the Corporate Risk Manager at Swinerton Incorporated, a multi-billion dollar general building contractor headquartered in San Francisco. His emphasis was on insurance program design and financing, including contractor controlled insurance programs, subcontractor default insurance, and claims management.

Mr. Shay holds a Bachelor's degree in Business with an emphasis in Marketing from San Francisco State University. His industry-specific education includes the Construction Risk and Insurance Specialist (CRIS) designation, the Workers' Compensation Claims Professional (WCCP) designation in California, and an Associate in Risk Management – Enterprise (ARM-E).

James and his wife Dana reside in Coppell, TX. They have three (3) adult children: Andrew (29), his wife Leah and a six (6) month old grandson, Bryson, Douglas (23) and Madeline (20). Andrew is the Risk Manager of Overhead Door Corporation. Douglas is graduating from the University of Texas, Austin with his Masters in Architecture and will be working for Corgan Architects in Dallas in May 2021. Madeleine is currently in her junior year at Texas A&M studying landscape architecture.

Congratulations to both James and Mike on their respective transitions!



## ACIG News and Notables

Since our last issue published November 18, 2020, ACIG has had numerous occasions to celebrate.

### New Employees

- Brian Stroik, Performance Excellence and Quality Consultant
- Emily Glazner, Team Support
- Kayla Grudzielanek, Team Support
- Krissy Mendoza, Senior Claims Representative, Liability
- Matt Summers, Safety Consultant
- Mitch Jones, Account Executive

### Promotions

- Ana Ramos was promoted from Data Manager to Team Lead.
- Brian Callaghan was promoted from Risk Management Executive to Director – Risk Management Services.
- Cheyanne Wallen was promoted from Associate to Account Manager.

### Anniversaries in Excess of 20 Years

- Alex Kuznetsov, Sr. Visual Basic Programmer, Database Admin. – 20 years
- Eric Chancellor, Network Architect – 25 years
- Michael Overholt, Vice President – Safety & PE/Quality – 26 years

### Awards

- Kara Carper, Operations Manager, was recognized at the 2021 American Property Casualty Insurance Association (APCIA) Emerging Leaders Conference with the “Exceptional Leadership during the Coronavirus Global Pandemic” award.



**Mike O'Neill**, ACIG's CEO, was interviewed by Steve Klein for his PlayMakers Podcast. He will be the 504<sup>th</sup> Dallas-Fort Worth area CEO that has been interviewed. Here is a [link](#) to the podcast.



## ACIG Education and Networking Calendar

### 2021

CCIP	CCIP Sponsor Meeting April 2021 Virtual
SCW	Safety/Claims Workshop September 2021 Nashville, Tennessee
LCF	In-House Legal Counsel Forum October 2021 Grand Hyatt DFW Airport Dallas, Texas
ARMW	Autumn Risk Management Workshop, CCIP Sponsor Meeting and Executive Committee October 20-23, 2021 Four Seasons Chicago Chicago, Illinois

### 2022

ACIGU	ACIG University January 2022 Grand Hyatt DFW Airport Dallas, Texas
AGM	Annual Meeting, Best Practices and Executive Committee February 23-26, 2022 The Ritz Carlton, Amelia Island Amelia Island, Florida
VCF	Vail Contractors Forum March 2022 Four Seasons Vail Vail, Colorado
CCIP	CCIP Sponsor Meeting March 2022 The Westin Kierland Scottsdale, Arizona
LCF	In-House Legal Counsel Forum April 2022 Grand Hyatt DFW Airport Dallas, Texas
SCW	Safety/Claims Workshop September 2022 San Diego, California
BQS	Builders Quality Summit June 2021 La Cantera Resort San Antonio, Texas
ARMW	Autumn Risk Management Workshop, CCIP Sponsor Meeting and Executive Committee October 2022



## Final Thoughts

This is my final newsletter as Chief Executive Officer. I have enjoyed learning more about our Members and sharing with you some interesting stories. I am often asked to describe our 40 Members, each one has a compelling story whether they have been in business for four generations totaling over 125 years or are more recent construction industry contributors. The one constant is the quality of the leadership teams that have accomplished so much under the most challenging and grueling conditions. It has been my honor and privilege to work with you over my 37 years with ACIG.

All the best!



Chief Executive Officer

