



ACIG

news

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June 1, 2018 Renewal Report Projected Payrolls and Standard Premiums

Payrolls are estimated to be \$2,865,339,617 for the June 1, 2018-19 policy period. This compares with \$2,695,469,810 of projected payrolls for the June 1, 2017-18 policy period.

The projected premiums for the June 1, 2018-19 renewal are shown below (compared with projected premiums for the June 1, 2017-18 renewal):

	<u>June 1, 2018-19</u>	<u>June 1, 2017-18</u>
Projected core business –		
Workers compensation	\$ 77,618,336	\$ 70,068,113
General liability –		
Subject layer	57,483,505	56,236,379
Retro excess layer	28,492,422	27,873,714
Subcontractor default –		
Subject layer	25,919,591	25,216,967
Automobile liability –		
Subject layer	4,805,449	5,075,526
Retro excess layer	4,363,505	4,608,072
Subtotal – core business	<u>198,682,808</u>	<u>189,078,771</u>
Projected CCIP business –		
Workers compensation	16,155,208	11,320,389
General liability –		
Subject layer	15,784,888	15,142,051
Retro excess layer	8,887,194	8,525,265
Subtotal – CCIP business	<u>40,827,290</u>	<u>34,987,705</u>
Grand total	<u>\$ 239,510,098</u>	<u>\$ 224,066,476</u>

June 1, 2018 Renewal Report

Projected Standard Premiums and Payrolls (cont.)

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

	<u>June 1, 2018-19</u>	<u>June 1, 2017-18</u>
Projected core business –		
Workers compensation	\$ 17,533,983	\$ 15,828,106
General liability	28,492,422	27,873,714
Automobile liability –	<u>4,363,505</u>	<u>4,608,072</u>
Subtotal – core business	50,389,910	48,309,892
Projected CCIP business –		
Workers compensation	3,858,494	2,703,750
General liability	<u>8,887,194</u>	<u>8,525,265</u>
Subtotal – CCIP business	<u>12,745,688</u>	<u>11,229,015</u>
Grand total	<u>\$ 63,135,598</u>	<u>\$ 59,538,907</u>

In conjunction with our 2018 renewal proposals, ACIG prepared stewardship reports for each Member, providing an inception-to-date recap of their economic benefits.

Thank you for your strong support of the ACIG Program.



ACIG Financial Report March 31, 2018

Balance Sheet Profile

ACIG reported total assets of \$488,853,000 as of March 31, 2018 versus assets of \$488,632,000 reported at December 31, 2017. ACIG's shareholders' equity was \$175,150,000 (versus \$177,416,000 at December 31, 2017). ACIG posted net unrealized gains on investments (net of tax) of \$25,498,000 at March 31, 2018, an increase of \$755,000 from December 31, 2017.

Operating Results for the Year Ended March 31, 2018

ACIG reported pretax income of \$12,991,000 for the quarter ended March 31, 2018 before policyholder dividends and other return premiums of \$9,777,000 and related bonuses of \$1,712,000. ACIG accrued premium refunds of \$9,777,000 payable to the ACIG insureds pursuant to our capital management strategy versus budgeted transactions of \$12,250,000. ACIG reported net income of \$1,852,000 for the quarter ended March 31, 2018 versus budgeted net income of \$486,000.



ACIG's Investment Portfolio

Asset Allocation as of March 31, 2018

	Market Value	Percent of Total
Insurance Reserves Portfolio	\$ 290,739,510	61.6%
<i>Reserve Liabilities</i>	\$ 290,739,510	
BlackRock	\$ 240,153,916	
State Deposits	\$ 35,161,983	
Western-Absolute Return	\$ 15,423,611	
Capital Portfolio	\$ 180,978,446	38.4%
Equities		
Dodge & Cox (Global)	\$ 11,220,689	2.4%
Vanguard PRIMECAP	\$ 34,485,480	7.3%
Vanguard – International Growth	\$ 10,729,688	2.3%
Wellington Global Perspectives	\$ 6,636,791	3.7%
Angeles Global Equity Opportunities	\$ 32,051,186	6.8%
Absolute Return		
AIA Absolute Return Fund	\$ 24,700,663	5.2%
Fixed Income		
Western – Absolute Return	\$ 3,854,846	0.8%
T. Rowe Price High Yield Fund	\$ 7,402,257	1.6%
PIMCO – Income Fund	\$ 23,965,116	5.1%
Crescent High Income	\$ 18,753,974	4.0%
Real Assets		
Harvest MLP Income Fund	\$ 7,177,757	1.5%
TOTAL INVESTMENTS	\$ 471,717,956	100%

“\$471,717,956
in total investments”



American Contractors Insurance Group American Society of Safety Engineers Foundation Scholarship

This year's recipient of ACIG's \$2,500 ASSE Scholarship is Carolyn Moore. She is a junior at Indiana University, majoring in Safety Management.

We received a heartfelt letter from Carolyn thanking ACIG for its financial support.

U.S. Road Work Zone Fatalities

The Federal Highway Administration (FHA) recently released its study on work zone fatalities. In 2016, there were 756 work zone fatalities, including both motorists and construction workers. 143, almost 19%, of those killed in work zones were construction workers.

The study identified the following contributing factors. More vehicular traffic, increase in distracted driving, talking on a cell phone, texting, watching videos and eating.

Construction workers working in close proximity to passing vehicles are vulnerable to speeding or out of control vehicles. Safety measures include longitudinal barriers, crash cushions and truck mounted crash attenuators.

Workforce Drug Positivity Rate Still Peaking

Workforce use of illicit drugs, across the board (including cocaine, marijuana and methamphetamine), remains at its highest rate in a decade, a new study by Quest Diagnostics found.

In more than 10,000,000 workplace drug urine tests, the positivity rate was 4.2%. The new data shows shifting patterns of drug use, with cocaine and amphetamines surging in some areas and the marijuana positivity rate rising sharply in states with recreational use statutes.



Unique ACIG Contractor Projects

“Nabholz Constructing the Largest Cross-laminated Timber Project in United States” – www.Nabholz.com



Nabholz, along with client University of Arkansas and architects Modus Studio, Mackey Mitchell Architects, and Leers Weinzapfel Associates, are about to embark on the nation’s first large-scale mass timber residence hall project. The five-story Stadium Residence Halls will comprise of more than 200,000 square feet and 368 rooms and are expected to be completed before the start of the fall 2019 semester.

Nabholz’ research into this new-to-the-scene building material began long before construction started. The project team visited jobsites in North Carolina on the Duke Campus, as well as the First Tech Corporate Headquarters in Portland, Oregon (which was the largest CLT project in the United States at the time). Once complete, the Stadium Drive Residence Halls will pass this project to become the largest CLT project in the United States.

CLT panels consist of several layers of kiln-dried lumber boards stacked in alternating directions, bonded with structural adhesives, and pressed to form a solid, straight, rectangular panel. Think plywood on steroids.

While at the mill, CLT panels are cut to size, including openings for doors, windows openings, utility piping, and ductwork, with state-of-the art CNC (Computer Numerical Controlled). Because this is done offsite, this reduces the chance of accidents on site and speeds up the installation of systems. CLT panels are also exceptionally stiff, strong, and stable, handling load transfer on all sides.



Unique ACIG Contractor Projects (cont.)

Nabholz has made several investments to ready its team to handle the material. First, Rob Dodd, Nabholz Project Executive traveled to Vancouver, BC with the members of design team, UA housing, and UA School of Architecture to visit a CLT manufacturing facility to better understand how this product is made.

Nabholz brought a mass timber consultant on board, Kris Spickler. Kris has been a Professional Engineer since 1981 and worked in the Engineered Wood Products industry for 30 years. During the last 15 years, he has focused on Engineered Wood Lumber used in mass timber system design and now CrossLam, or cross-laminated timber.

With its carpentry and equipment resources and growing knowledge of mass timber construction, Nabholz is well positioned to be leaders in this market in its region. Already, they are constructing another CLT project in Northwest Arkansas, the 5th Street Office Renovation in Bentonville.



ACIG Contractors in the News



BMW Constructors, Inc. received the Construction Users Roundtable (CURT) Construction Industry Safety Excellence Award. This annual award is given to those companies who promote construction safety. BMWC was recognized with the highest award in the Heavy Construction category, craft hours of 500,000 to 3,000,000.



Mary S. Peters, U.S. Secretary of Transportation under President George W. Bush was elected to **Graniterock's** Board of Directors.



Graycor Industrial Constructors reached an important safety milestone by self-performing one million manhours with zero recordable injuries.



KSI accomplished an outstanding milestone 15 years in the making. Since April 24, 2003, no KSI team member has suffered a lost-time injury over 15,000,000 manhours performing virtually every discipline: civil, electrical, maintenance, development and capital improvements on the AERA projects.



Saunders Construction, Inc. was ranked #9 on the 2018 Top Workplaces awarded by the Denver Post. They recognize the competitive advantage of creating a happy, engaged workforce, increasing their ability to recruit and retain management and field employees.



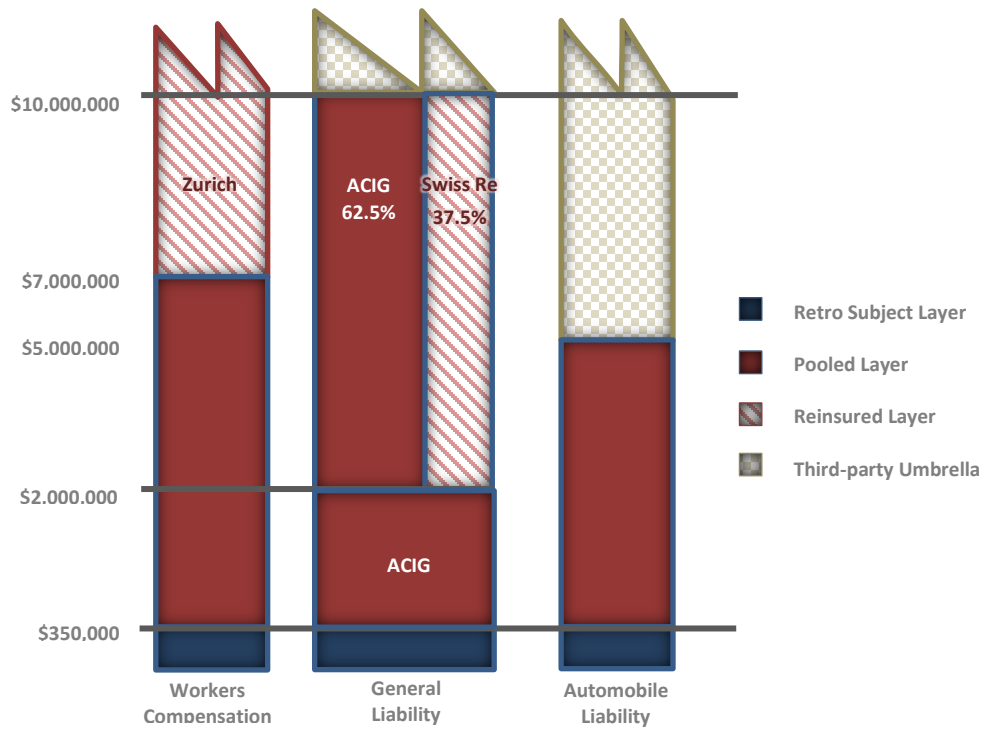
SpawGlass is celebrating its 65th anniversary.



Doug Pitcock of **Williams Brothers Construction Co., Inc.** was featured in the March/April issue of AGC of Texas *Infrastructure Magazine*. Doug recently celebrated his 90th birthday. Please click [here](#) to view the article.



ACIG Reinsurance Program June 1, 2018-19



Workers Compensation and Employers Liability Reinsurer: Zurich American Insurance Company

- A.M. Best A+, XV

Commercial General Liability – Quota Share Reinsurer: Swiss Re

- A.M. Best A+, XV



CCIP Status Report

Ten of our General Building Contractors utilize Contractor Controlled Insurance Programs (CCIPs) to insure their operations, the project owner and their enrolled subcontractors. This is accomplished by sponsoring a Project Specific or Rolling Contractor Controlled Insurance Program.

On both Rolling CCIP and the Project Specific CCIPs, they have the option of including the Workers Compensation in addition to the General Liability and Umbrella/Excess Liability.

CCIP Program to date information as of March 31, 2018:

Total Projects	1,706
Total Construction Value	<u>\$18,283,489,295</u>
ACIG Premiums	
Workers Compensation	\$ 90,346,000
General Liability	<u>\$185,990,065</u>
Subtotal	\$276,336,065
Umbrella/Excess	<u>\$ 86,958,767</u>
Total	<u>\$363,294,832</u>

The underwriting results for the Core and CCIP programs are nearly identical, which reinforces our pricing parameters.



ACIG News and Notables

ACIG conducted its annual Zurich Alliance Report on May 2, 2018. Dan Harmon with Hoffman, and Dick Waltherhouse with Pankow, represented the Members. Zurich Construction participants were Scott Rasor, Head of Construction, North America Commercial Insurance; Karen Keniff, Senior Vice President; Jeff Grewing, Vice President – National Construction Industry Leader – Construction Specialty; and Kat Shorney, Construction Special Risk Director – Professional Liability.

It is with gratitude that I announce the retirement of Rose Duff, effective April 2, 2018. Rose began her tenure with ACIG as an Executive Assistant to the President and CFO almost 25 years ago. She quickly made her travel planning expertise known, moving into the position of Travel Director. Rose was passionate about her job and will be remembered for her hardworking and committed approach to providing our Members with exceptional service. She made an indelible impact and will be missed. We wish her all the best for a happy, healthy, well-deserved retirement.

ACIG Thought Leadership

Our team of insurance, risk management, safety, quality and claims professionals have written six (6) Lessons Learned Bulletins and White Papers since February 23, 2018.

“Builders Risk Background and AIA Redline” written by James Shay, Vice President – Risk Management Services and Merle Jones, Director of Insurance Brokerage. Click [here](#) to read their white paper.

“Builders Risk in a Nutshell” written by James Shay, Vice President – Risk Management Services. Click [here](#) to read his white paper.

“Contractor Controlled Insurance Programs (“CCIPs”) and Claim Handling Questions” written by William Dunn, Vice President – Claims Manager. Click [here](#) to read his Lessons Learned Bulletin

“Crusher Breakdown Root Cause Analysis” written by the Quality Department. Click [here](#) to read the Lessons Learned Bulletin.

“Hammering Steel = Metal Projectile” written by Rob Berryman, Safety Consultant. Click [here](#) to read his Lessons Learned Bulletin.

“Roof Fire – Static Discharge” written by Michael Overholt, Vice President – Safety & Quality. 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.

If you have any login questions, you may contact spSupport@ACIG.com.



ACIG Education and Networking Calendar

Event	Location	Dates
2018		
Builders Quality Summit	Orlando, FL	June 13-15, 2018
Safety/Claims Workshop	Denver, CO	September 18-20
Autumn Risk Management Workshop and Executive Committee	Laguna Beach, CA	October 25-27
2019		
ACIG University	Dallas, TX	January 23-25
Annual Meeting, Best Practices and Executive Committee	Manalapan, FL	February 20-23
Vail Contractor Forum	Vail, CO	March 14-16
CCIP Sponsor Meeting	Scottsdale, AZ	March 20-21
In-House Legal Counsel Forum	Dallas, TX	April 8-9
Safety/Claims Workshop	Austin, TX	September 2019
Autumn Risk Management Workshop and Executive Committee	Boston, MA	October 24-26



Swiss Re Underwriting Review

ACIG and Swiss Re entered into a reinsurance relationship effective June 1, 2015. Over the past three (3) years, they have conducted a number of underwriting reviews. Here is an excerpt from their January 2018 report.

“In summary, we review many insurance companies with great business operational plans. The thought process in your rating of each individual member, the loss control plan, and the extreme granular detail of your accounting reports are not equaled by any other company we review. We know of no other property and casualty insurer who executes on great business plans like ACIG. No one we know measures and monitors to the detail that ACIG does.”



President & CEO

