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# ACIG

## news

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### Closing the Gap

By September 2018, one of the country's most famous civil-engineering projects will finally complete construction, six decades after work on it began.

Interstate 95, the country's most used highway, will finally run as one continuous road between Miami and Maine. Turning I-95 into an unbroken river of concrete more than 1,900 miles long. I-95 is an American marvel, it's the longest north-south highway in the United States and the country's most used highway in terms of miles traveled. It serves 10% of America's land area, but almost 40% of its population. Its route is as densely settled as Western Europe.

If you are driving north on I-95, just outside Princeton, NJ, there is a sign that I-95 is ending. You've reached the "Gap", an eight mile stretch that for many decades was not complete. Plans called for the completion of the Somerset Highway linking I-95, beginning in 1976. The developing energy crisis, dwindling public financial resources and increasing environmental opposition and demand for mass transit killed the project.

In 1982, Congress resolved to close the gap. A highway bill ordered that the interstate highway system to be completed by linking the Pennsylvania Turnpike with the New Jersey Turnpike. Preparations and environmental study took years with construction beginning in 2010.

I-95 will soon be completed and with it, our interstate highway system, sixty-one years in the making.

U.S. Interstate Highway System



## ACIG Financial Report December 31, 2017

### *Balance Sheet Profile*

ACIG reported total assets of \$488,632,000 as of December 31, 2017 versus assets of \$447,019,000 reported at December 31, 2016. ACIG's shareholders' equity was \$177,416,000 (versus \$165,733,000 at December 31, 2016). ACIG posted net unrealized gains on investments (net of tax) of \$24,743,000 at December 31, 2017, an increase of \$6,126,000 from December 31, 2016, which accounted for a significant portion of the capital growth.

### *Operating Results for the Year Ended December 31, 2017*

ACIG reported pretax income of \$79,022,000 for the year ended December 31, 2017 before policyholder dividends and other return premiums of \$62,820,000 and related bonuses of \$10,999,000. ACIG accrued premium refunds of \$62,820,000 payable to the ACIG insureds pursuant to our capital management strategy versus budgeted transactions of \$41,357,000. ACIG reported net income of \$5,663,000 for the year ended December 31, 2017 versus budgeted net income of \$3,575,000.

ACIG exceeded its goal for capital growth in 2017, primarily as a result of excellent returns on ACIG's investments. ACIG increased policyholder dividends and other return premiums to restrain capital growth.



## ACIG's Investment Portfolio

### Asset Allocation as of December 31, 2017

	Market Value	Percent of Total
<b>Insurance Reserves Portfolio</b>	<b>\$ 283,786,110</b>	<b>60.5%</b>
<i>Reserve Liabilities</i>	\$ 283,786,110	
BlackRock	\$ 233,442,622	
State Deposits	\$ 36,343,969	
Western-Absolute Return	\$ 13,999,519	
<b>Capital Portfolio</b>	<b>\$ 185,038,421</b>	<b>39.5%</b>
<b>Equities</b>		
Dodge & Cox (Global)	\$ 11,528,447	2.5%
Vanguard PRIMECAP	\$ 36,459,556	7.8%
Vanguard – International Growth	\$ 10,374,745	2.2%
Wellington Global Perspectives	\$ 6,539,382	1.4%
Angeles Global Equity Opportunities	\$ 31,833,831	6.8%
<b>Absolute Return</b>		
Angeles Absolute Return Fund	\$ 24,638,355	5.3%
<b>Fixed Income</b>		
Western – Absolute Return	\$ 5,413,315	1.2%
T. Rowe Price High Yield Fund	\$ 7,487,610	1.6%
AMCO – Income Fund	\$ 24,029,482	5.1%
Crescent High Income	\$ 18,803,949	4.0%
<b>Real Assets</b>		
Harvest MLP Income Fund	\$ 7,926,072	1.7%
<b>TOTAL INVESTMENTS</b>	<b>\$ 468,824,531</b>	<b>100%</b>
<b>Shareholders' Equity (as of 12/31/17)</b>	<b>\$ 177,416,000</b>	

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*“\$468,824,531  
in total investments”*

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2017 total portfolio performance was 9.6%.





## Engineering News Record Construction Photo Contest Winner

400 feet in the air, a welder is affixing a catwalk to a brace tying the tower crane to a cable-stay bridge tower.

Gerald Desmond Replacement Bridge  
Long Beach, CA

The bridge project is a joint venture of Shimmick (AECOM)/FCC/Impregilo.

## Texas A&M Names New Luxury Hotel after Alumnus Doug Pitcock

Texas A&M's Board of Regents unanimously voted to have the university's new luxury hotel named after James "Doug" Pitcock, Jr., co-founder, Chairman, and CEO of Williams Brothers Construction Co., Inc. The Doug Pitcock '49 Hotel and Conference Center is scheduled to open in the fall and will feature 252,000 square feet of restaurants, bars, gyms, 250 guest rooms and suites and a pool. Following the announcement at the board of regents meeting on February 8, 2018, Mr. Pitcock received a standing ovation from the audience as he has remained an avid supporter of the Aggies since he received his Bachelor of Science degree in civil engineering in 1949. Doug Pitcock was the first of his family to attend college.



## ACIG Contractors in the News

Landmarks Illinois will honor **Berglund Construction Company** with its 2018 Corporate Landmark Award. Landmarks Illinois is a member-based, non-profit organization advocating for the preservation and reuse of historic architecturally significant properties throughout Illinois.



**BMWC Constructors, Inc.** received the National Maintenance Agreement Policy Committee (NMAPC) Zero Injury Award for working 1,364,424 zero injury hours at the Exxon Mobil Refinery in Joliet, IL.



**Cajun Deep Foundations** was awarded the Rick Marshall Excellence in Safety Award for its comprehensive and consistent safety program.



**Danella Companies, Inc.** was ranked #68 in ENR's Top 600 Specialty Contractors and #7 in the Top 20 Utility Contractors.



**Graycor Services L.L.C.** recognized in Healthiest Companies in America Award for its various programs and incentives to get and stay healthy.



**Murphy Company – St. Louis** honored as Specialty Contractor of the Year in the HVAC/Piping category by the Associated General Contractors of Missouri.



**Murphy Company – Denver** received the Overall Excellence/Overall Subcontractor Award for its work for Mortensen Construction's United Airlines Flight Training Center.

Dick Saunders, Founder of **Saunders Construction, Inc.**, was named to 2018 Colorado Business Hall of Fame. This award recognizes 46 years of construction operations and building numerous high-profile projects.



ENR magazine featured the Calaveras Dam Replacement Project being constructed by **Sukut Construction, LLC** and its joint venture partners, Flatiron and Dragados USA. "Moving Mountains" written by Scott Blair chronicles the history of the original dam built in 1925 and the herculean effort to replace the dam.



**Wagman, Inc.** celebrated its 115<sup>th</sup> anniversary by hosting family-style events in both Pennsylvania and Virginia.



"Celebrating 115 years is a milestone for any company, especially a family business like ours. We believe the integrity of the people who work at Wagman has been and continues to be instrumental to our success and deserves to be celebrated" – Lisa Wagman Glezer, Vice President of Wagman, Inc.





Bruce W. Woolpert  
(1951-2012)

## Bruce W. Woolpert Algebra Academy

Bruce W. Woolpert, President of Graniterock from 1987 to 2012, believed passionately in the power of mathematics. In 2010, he and Graniterock Corporate Counsel Kevin Jeffery teamed up to invite California State University Monterey Bay to bring Professor Hongde Hu and the Algebra Academy to Watsonville's Rolling Hills Middle School. Bruce's enthusiasm for the program, and his joy over the accomplishments of Algebra Academy students has inspired his family, friends and co-workers to donate time and treasure to continue the project he loved so much.

I interviewed Kevin Jeffery to get a fresh perspective on the Algebra Academy.

### Q. Who developed the program?

A. Bruce and I developed the program in 2010. Our initial partner was Professor Hongde Hu, Chairman of the Math Department at California State University – Monterey Bay.

### Q. How long has the program been in operation?

A. The 2017-18 version of the Bruce W. Woolpert Academy is our 8<sup>th</sup> year.

### Q. What are the goals of the program?

A. Improve student's ability to understand, use and evaluate quantitative information. To prepare middle school students for success in high school mathematics and readiness for college. To support a culture of mathematics excellence among students in partner schools.

### Q. How many students are in the 2017-18 program?

A. We will serve approximately 130 students.

### Q. Location of the program?

A. The August immersion week is hosted at Graniterock's corporate office. In addition, students are taken on working field trips to California State University – Monterey Bay, University of California Santa Cruz and other locally owned businesses.

### Q. Who is involved in the curriculum and teaching?

A. Students are taught by a teaching team led by four college math professors, eight teaching assistants (math and science students from each college and six 8<sup>th</sup> grade math teachers).

### Q. Is the program sponsored/funded by Graniterock?

A. Yes. We support the program through hundreds and hundreds of volunteer hours, in-kind support, and facilities to support the program. Direct funding comes from the Woolpert Family Foundation, along with an assortment of local business sponsors.



**Q. Has Graniterock hired any of the Algebra Academy students as interns or full-time employees?**

A. We have had several students go through the Bruce W. Woolpert Algebra Academy as 8<sup>th</sup> graders, then participate in our year-long construction academy as high school juniors or seniors. We just hired six summer interns from the construction academy. I am confident that we will hire full-time employees who are graduates of both academies.

**Q. Kevin, can our ACIG Member companies contact you to get more information about the Algebra Academy?**

A. Yes, I welcome their inquiries. I can be reached at [kjeffery@graniterock.com](mailto:kjeffery@graniterock.com).

Algebra Knowledge =  
Success in Math + Life

For more information on the Bruce W. Woolpert Algebra Academy, click [here](#) to watch a 1:45 second video or visit [www.algebraacademy.net](http://www.algebraacademy.net).

## Claims Cost Index

ACIG, underwrites the casualty insurance lines of business for its Members. This includes workers compensation, employer's liability, business auto liability and commercial general liability. Our claim settlements are directly impacted by factors such as the cost to repair or replace damaged property, the cost of repair parts, the cost of medical services and drugs, the cost of salaries and wages, and the attendant legal fees.

For the 5 year period ending in 2016, the cost of physician services, hospital services, legal cost and auto body work has exceeded the Consumer Price Index (CPI).

	2012	2013	2014	2015	2016
Workers Compensation	3.36%	2.97%	2.24%	3.54%	2.28%
General Liability					
- Bodily Injury	4.25%	2.73%	2.81%	2.22%	2.90%
- Property Damage	3.10%	3.64%	2.22%	3.38%	1.94%
Auto Liability					
- Bodily Injury	4.57%	3.93%	3.48%	3.48%	3.16%
- Property Damage	3.00%	2.01%	2.62%	2.62%	2.68%
CPI	3.16%	2.07%	1.46%	1.62%	1.26%

Source: Willis Towers Watson, Claims Cost Index.



## What is Your Reputation Worth?

*"It takes 20 years to build a reputation and 5 minutes to ruin it. If you think about that, you will do things differently."*

- Warren Buffet

For Volkswagen, the second largest car manufacturer in the world, it took 78 years to build its reputation and one day to lose it. Volkswagen has over 335 subsidiary companies and operations in 150 countries, including over 100 production facilities. It sells passenger cars under the Audi, Bentley, Bugatti, Lamborghini, Porsche, SEAT, ŠKODA and Volkswagen brands and Ducati motorcycles.

After months of denials, Volkswagen admitted that it installed "defeat device" software that detected when a diesel car's emission system was being monitored in the lab and altered the results. A team of researchers at the University of West Virginia ran separate tests in the lab and on the road and to their surprise, the road test showed 40 times more emissions.

As a result of Volkswagen's dieselgate investigation, CEO Martin Winterkorn resigned and is facing criminal prosecution. Volkswagen engineers have been convicted of crimes and are serving prison time. The value of Volkswagen stock dropped over 34% in the first 3 days of trading after the scandal became public. The United States issued a \$2.8 billion criminal fine, plus \$1.5 billion in civil penalties. Volkswagen faces over 11,500,000 vehicles that need to be retrofit to meet the EPA and California emission standards.

An effective approach to managing reputational risk is to address it before a crisis. It begins by identifying risks and putting controls in place to prevent or limit the financial damage. Make sure your "blind side" is well protected.



# #Dieselgate





## ACIG News and Notables

**Michael Overholt**, Vice President – Safety & Quality, was initiated into the Board of Certified Safety Professionals (BCSP) 2018 Board of Directors. His term began January 1, 2018. Michael joins eleven other directors, volunteering their time to assist with the evaluation of applicant qualifications, governance, liaison with other organizations, and many other important activities. BCSP directors may serve up to two, three year terms.



Mr. Overholt joined ACIG in January 1995 as a Safety Consultant. After spending 10 years in the Safety Division, he moved to the Risk Management Division as a Risk Management Executive, and now leads the Safety & Quality Division.

Prior to joining ACIG he had worked in several managerial positions with a large contractor. His background includes residential, industrial, commercial and heavy construction. He is a frequent writer for the Council of Building Research and Associated Schools of Construction. Mr. Overholt holds a Bachelor of Science degree in Construction Management from Purdue University and holds the CSP, ARM, CRIS certifications and is a LEED Green Associate.

Michael is active in the American Society of Safety Engineers (ASSE), including the student mentoring program. He is a member of the Purdue Construction Advisory Council (CAC), and is on the Board of Directors for the Board of Certified Safety Professionals (BCSP).

For more information, please visit [www.bcsp.org/About/Board-of-Directors](http://www.bcsp.org/About/Board-of-Directors).

**Michelle Son**, CCIP Program Manager, received her Enterprise Risk Management designation (ARM-E).



## ACIG Thought Leadership

Our team of insurance, risk management, safety, quality and claims professionals have written four (4) Lessons Learned Bulletins and White Papers since November 15, 2017.

*“Limiting an Employer’s Liability for Third-Party Over Claims in Arkansas”* written by Mark Farmer, Risk Management Executive. [Click here](#)\* to read his White Paper.

*“Machine Guarding”* written by Mike Ruefer, Senior Safety Consultant. [Click here](#)\* to read his Lessons Learned Bulletin.

*“HDPE Butterfly Flange Adapter Interference”* written by Karl Weber, Quality Consultant. [Click here](#)\* to read his Lessons Learned Bulletin.

*“The Growth of CCIPs Produce New and Interesting Claim Handling Questions”* written by William Dunn, Vice President – Claims Manager. [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](mailto:spSupport@ACIG.com).



## ACIG Education and Networking Calendar

Event	Location	Dates
<b>2018</b>		
Vail Contractors Forum	Vail, CO	March 15-17
In-House Legal Counsel Forum	Dallas, TX	April 16-17
Executive Committee Meeting	St. Helena, CA	April 25-28
Builders Quality Summit	Orlando, FL	June 13-15
Safety/Claims Workshop	Denver, CO	September 18-20
Risk Management Workshop	Laguna Beach, CA	October 25-27

## Concluding Thoughts

ACIG had a record year in 2017. The total economic benefits recorded by our Members amounted to \$170MM, comprised of retro return premiums of \$91MM capital management transactions of \$74MM and a net profit before tax of \$5MM.

These impressive results are the outcome of our Member's sharpened focus on reducing and eliminating accidents on their projects, construction support operations and in their transportation of workers, materials and equipment.

Now on to 2018 and its challenges and opportunities.



President & CEO

