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ACIG news

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Project Lifesaver – A Historical Perspective

Project Lifesaver – A Loss Reduction Initiative was announced to the membership on October 2nd, 2003 at the Risk Management Workshop held at The Equinox in Manchester, Vermont. Our expected losses of approximately $49,000,000 would have produced a profitable loss ratio of 50%; however, we were convinced that we were capable of a better result and challenged our members to improve.

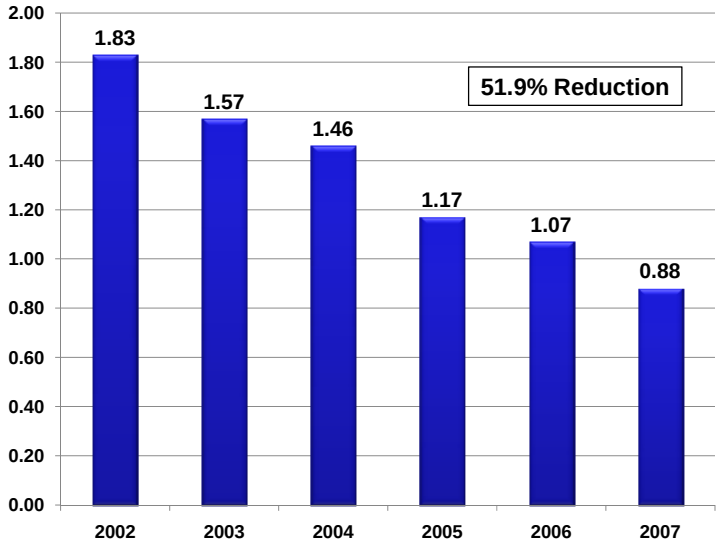
Our improvement model was designed around four (4) basic elements.

1. A ranking of the members from best to worst on our lines of business underwritten;
2. A strategic planning session with each CEO and his senior management team;
3. Preparation and implementation of the Contractor Action Plan; and
4. The development and distribution of Best Practices in the key areas of
   - Safety Management
   - Quality Management
   - Contract Administration
   - Auto Fleet Safety
   - Claims Management

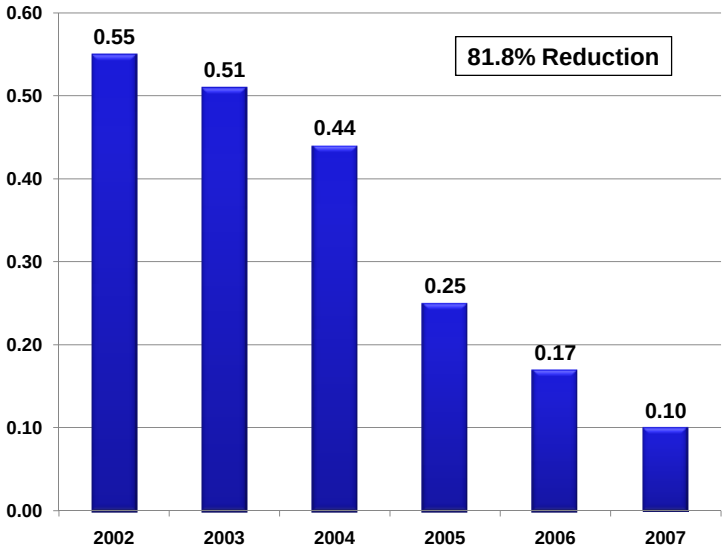
Our members welcomed the challenge and the results are quite remarkable as can be seen in the following illustrations.

"A 51.9% reduction for workers compensation"

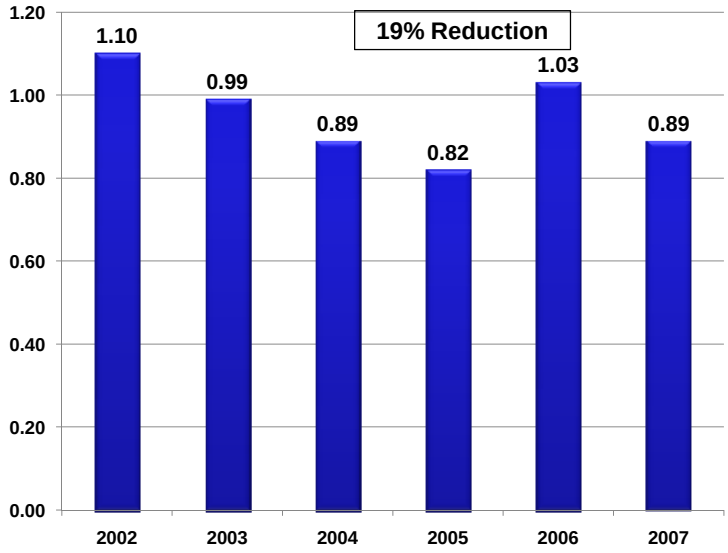
Project Lifesaver Workers Compensation – PLS Rate Per 200,000 Manhours



Project Lifesaver General Liability – PLS Rate Per 200,000 Manhours



Project Lifesaver
Auto Liability – PLS Rate Per 100 Units



"Expected losses decreased by more than $60,000,000"

Project Lifesaver Decrease in Expected Losses

2003-04	$11,946,010
2004-05	$ 7,278,970
2005-06	$13,573,939
2006-07	$18,731,991
2007-08	$ 8,698,229
Total	**$60,229,139**

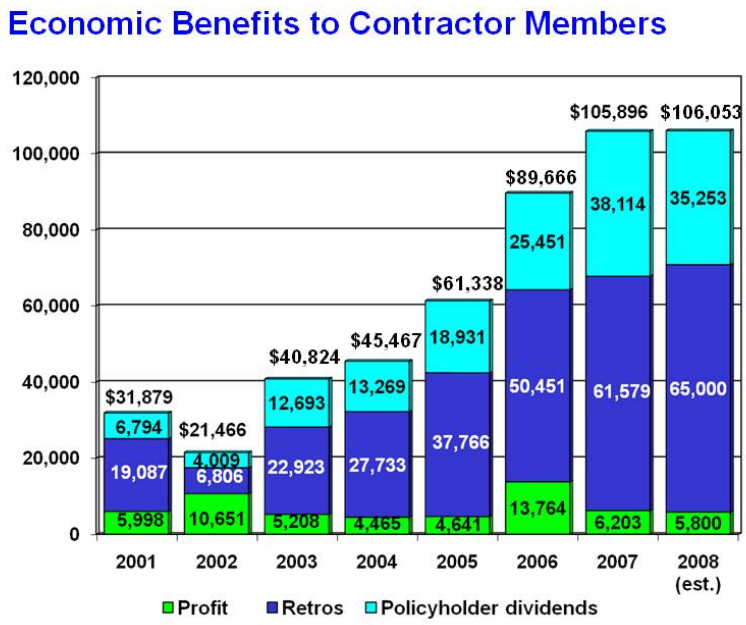
While the PLS rate improvement and decrease in Expected Losses is very positive for our members, we also need to recognize the positive impact on our employees. Over this five (5) year period, 740 of our employees were not injured in the course and scope of their employment as a byproduct of Project Lifesaver.

We are in the process of conducting our annual Project Lifesaver Strategic Planning meetings, on behalf of ACIG and its members. I want to thank you for your commitment and leadership in fostering a safety culture of continuous improvement.

Economic Benefit to Contractor Members

The total economic benefit to ACIG's contractors is projected to be $106 million for the year ending December 31, 2008. This economic benefit consists of $35.2 million of policyholder dividends, $65 million of retro returns, and $5.8 million of profit. The economic benefits for the 2007 and 2006 calendar years were approximately $105.9 million and $89.7 million, respectively.

"Total economic benefit of $106,000,000 for the members."



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 contractors which directly relates to the loss experience of the respective contractors), and policyholder dividends (return of earnings).

ACIG's 3rd Quarter Financial Results

In spite of an extremely difficult and volatile worldwide financial market, ACIG is on track for another profitable year due to its strong underwriting results.

At September 30, 2008, ACIG's net income (loss) before income taxes and policyholder dividends stood at $32,741,000.

ACIG's Investment Portfolio

Asset Allocation
as of September 30, 2008

	Market Value as of 9/30/08	Percent of Total
Total Fixed Income	**$242,923,440**	**87.1%**
BlackRock	$182,192,633	65.3%
Western-Absolute Return	$ 29,346,158	10.5%
Convertibles		
Zazove	$ 22,362,260	8.0%
Calamos Global Growth & Income	$ 9,022,389	3.2%
Total Equity	**$ 36,013,544**	**12.9%**
Dodge & Cox (U.S.)	$ 13,851,160	5.0%
Dodge & Cox (Int'l)	$ 3,834,707	1.4%
Primecap	$ 14,614,634	5.2%
Wellington Global Perspectives	$ 3,713,043	1.3%
TOTAL INVESTMENTS	**$278,936,984**	**100%**
Stockholders' Equity (as of 9/30/08)	**$95,580,000**	
Stocks as % of Shareholders' Equity*		**42.5%**

***includes common stock from Calamos portfolio**

"$278,936,984 in total investments"

ACIG/Zurich Strategic Alliance

The AZ Program is structured to provide a broad scope of coverage and high limits of liability. The AZ Program consists of three (3) elements.

1) Core Program - Non-CCIP Projects

2) Rolling Program - For smaller projects that share a $75 million aggregate limit.

3) Project Specific - For larger projects that have dedicated limits of $75 million.

In addition to improving the coverages and limits, we have developed a project specific pricing methodology that takes into account the project location, as well as commercial/residential components for projects with construction schedules of up to thirty-six (36) months.

There are six (6) members who are participating in the AZ Program.

Hoffman Corporation
Kitchell Corporation
LeChase Construction Services, LLC
The Pankow Companies
Roy Anderson Corp
The Weitz Company, LLC

"LeChase recently joined the AZ Strategic Alliance."

AZ Program Bound Projects

CCIP Projects	305
CCIP Construction Values	$6,250,000,000
CCIP Estimated Premiums	$133,084,497
Smallest Project	$25,000
Largest Project	$420,000,000

Many national and regional general building contractors have adopted the Contractor Controlled Insurance Program (CCIP) as a means to mitigate risk, enhance their profits and develop a funding mechanism for their long-tail liabilities.

ACIG's Quality Initiative

ACIG has been working to improve its quality resources and is pleased to announce that Mr. Larry Owen has joined ACIG and will be leading our Quality Initiative. Larry brings over 20 years of construction experience from his association with Actus Lend Lease Co. and Hunt Building Company. He will be working with our members to develop Best Practices and a lessons learned database. Please join us in welcoming Larry to the ACIG team.

Crane Safety Awareness and Resources

ACIG members make extensive use of cranes on their projects, whether they are tower cranes, mobile friction cranes, or rubber wheeled hydraulic cranes. The majority of states do not have mandatory certification requirements for crane operators. In light of the recent severe crane accidents, local municipalities, states and the Occupational Safety and Health Administration (OSHA) are under pressure from their constituents to strengthen the regulation of crane operators. To bolster our resources in this important area, we have retained Mr. David Ritchie, a nationally recognized crane expert, to work with our members to audit and improve their crane operations. If you are interested in utilizing Mr. Ritchie's services, please coordinate your request through Rob Hunt. He can be reached at (972) 687-9452 or via e-mail at Rob.Hunt@ACIG.com.

ACIG Meetings and Workshops

Date	Meeting	Place
November 20, 2008	**In-House Legal Counsel**	**Dallas, TX**
January 27-28, 2009	**ACIG University**	**Dallas, TX**
February 19-21, 2009	**ACIG Annual Meeting**	**San Diego, CA**
April 15, 2009	**Best Practices Session**	**Dallas, TX**
April 16-17, 2009	**Safety/Claims Workshop**	**Dallas, TX**

Employee Spotlight

Each quarter we feature one of our ACIG team members.

Employee Name: Michael Overholt

Position at ACIG: Risk Management Executive

Years of Service: 13 ½

Family Members: Wife: Kimberly, children: Emma – 8 and Ryan – 6

Pets: 3 cats: Shadow, Sophie and Ginger. 1 fish: Bluey.

Hometown: Born in Urbana, IL. Currently living in Parker, TX.

First Paying Job: Corn detassling laborer. "Promoted" to machine driver and drove the bus at 13.

Dream Car: Black Maserati Quattroporte.

Favorite Pastime: Coaching baseball, racquetball and swimming. My kids' activities, including gymnastic and karate.

Favorite Movies: Field of Dreams, Cool Hand Luke and Hoosiers.

Most Recent Book Read: Flags of Our Fathers.

I-Pod Favorites/Favorite Songs: Summertime, Dream Police, He Reigns and I Can Only Imagine.

Dream Vacation: A European hopper trip including Italy, Germany, Norway and Sweden.

People at Your Fantasy Dinner: My family with Clint Eastwood, Paul Newman, Michael Jordan and Mike Ditka.

ACIG Contractors in the News

On December 11, 2008 Glenn DeStigter, former CEO of The Weitz Company, LLC, will be inducted into the Iowa Business Hall of Fame. The Weitz Company has been an ACIG member since 1993. Glenn has served on the Executive Committee and was Chairman of the Compensation Committee.

Hoar Construction, LLC, has been named as one of the *Best Small and Medium Companies to Work for in America*. They ranked #5 for 2008, up from #19 last year. Hoar has been an ACIG member since 2001. Rob Burton, Hoar's CEO, is a current member of the Executive Committee.

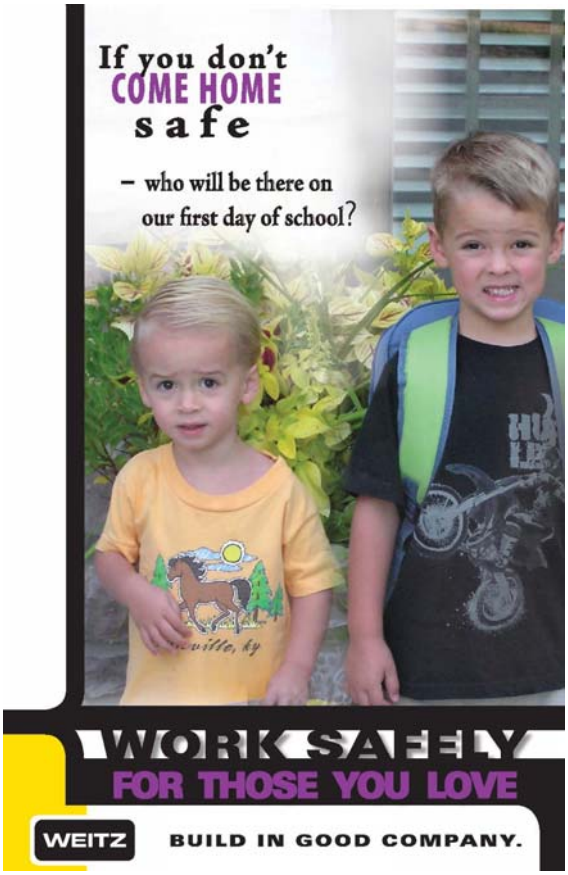
Ajax Paving Industries, Inc., has been awarded the 2008 American Road and Transportation Builder Association Safety Award. Ajax has been an ACIG member since 1995.

Danella Construction Company of Pennsylvania was awarded the Pennsylvania Utility Contractors Association Safety Award for the Large Contractor category. Danella has been an ACIG member since 1995. Jim Danella is a current member of the Executive and Investment Committees.

Concluding Thoughts

ACIG has just finished conducting a series of meetings and workshops with its members and key service providers. Craig Damos, CEO and President of The Weitz Company, LLC, made an outstanding presentation on Leading Safety – Leading Change. One of Weitz' key safety strategies was to "Begin to Humanize Safety – Play to Our Strengths."

The following slide from Craig's presentation says it all.



All the best,

Executive Vice President

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