Post Accident Best Practices

ACIG in conjunction with its members have developed Post Accident Best Practices to mitigate the cost of accidents that arise out of member operations. In this issue of the ACIG News, we will examine three (3) Post Accident Best Practices:

1. ACIG SWAT
2. ACIG’s Medical Advisor
3. Medical Cost Containment

When we hear the acronym SWAT, we think of a black-clad special weapons and tactics team dispatched in response to a life-threatening event. This modern incarnation of SWAT is attributed to then inspector, Daryl Gates, of the Los Angeles Police Department (LAPD).

ACIG’s Special Well-Timed Accident Team (SWAT) has been in operation since the early 1980s. ACIG SWAT was created to respond to catastrophic claims arising out of members’ operations. SWAT is used to identify (a) the group of people to respond immediately following an accident and (b) the swift actions to be taken in order to get control of the facts and circumstances, and to set the strategy to be employed in defense of a catastrophic loss.

The team is activated immediately upon ACIG receipt of an occurrence that meets the SWAT Team, Rule of Ten.

1. Fatal injuries;
2. Brain injuries;
3. Injuries resulting in partial or total paralysis;
4. Amputation or 100% loss of use of an upper or lower extremity;
5. Injury resulting in blindness or partial blindness;
6. Severe burns or severe scarring injury;
7. Heart attack and/or stroke;
8. Severe bodily injury;
9. Sudden and accidental pollutant discharge;
10. Extensive property damage or business interruption, including construction defects.
SWAT Team Members

- Member CEO
- Member’s Division Manager
- Member’s In-House Legal, Safety and Claims Staff
- Member’s Selected Legal Counsel
- Member’s Accident Reconstruction/Forensics Expert
- ACIG’s Claim Consultant
- ACIG’s Coverage Counsel

SWAT Timeline

<table>
<thead>
<tr>
<th>Incident Notice</th>
<th>Investigation</th>
<th>Reserves 15 days</th>
<th>30 days</th>
<th>60 days</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 hr.</td>
<td>24 hrs</td>
<td>1</td>
<td>CEO Call</td>
<td>Determination of follow up calls.</td>
</tr>
</tbody>
</table>

SWAT Statistics by Industry Segment – 6/1/07 to 6/1/08 Policy Period

- **General Building**
  - 2 Workers Compensation
  - 4 General Liability
- **Street and Road**
  - 3 Workers Compensation
  - 4 General Liability
  - 1 Automobile Liability
- **Industrial/Specialty**
  - 1 Workers Compensation
- **Total**
  - 2 General Liability
  - 17

ACIG’s Medical Advisor

ACIG instituted its Medical Adviser Program in 2000. Dr. Stephen A. Dawkins, MD, a practicing physician, has been a key resource in the handling of catastrophic/severe claims. Utilizing Dr. Dawkins’ expertise as an early intervention has proven to be most valuable as he is able to talk and relate to the treating physicians and hospital personnel. He is quick to respond, make recommendations and establish the basic ACIG philosophy with the treating physicians, which is to provide the best care possible to the injured worker. Through his medical knowledge, he has been able to reassure both the Contractor and ACIG’s claims division that the course of action prescribed by the treating doctors is correct, well established and on track.

Dr. Dawkins has also been utilized to review medical records and findings in order to establish the possible need for a different specialist or different type of treatment plan, and also to analyze whether complaints and findings align. His Board Certification in Occupational Medicine is widely accepted nationally and gives him the credibility needed to speak with other doctors when ACIG finds itself at odds with a recommended plan of treatment. He has been instrumental in many catastrophic claims that have allowed us a clearer understanding of the injuries, the path to take for the injured person and the long term exposures associated with many of the catastrophic injuries.
Medical Cost Containment

ACIG has contracted with CorVel and other medical cost containment service providers to review the medical bills for our workers compensation line of business.

CorVel’s annual review of ACIG’s medical bills produced the following results:

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bills Audited</td>
<td>11,248</td>
</tr>
<tr>
<td>Lines of Treatment Audited</td>
<td>40,347</td>
</tr>
<tr>
<td>Billed Amount</td>
<td>$12,288,255</td>
</tr>
<tr>
<td>ACIG Paid Amount</td>
<td>$4,855,043</td>
</tr>
<tr>
<td>Gross Savings</td>
<td>$7,666,905</td>
</tr>
<tr>
<td>Gross Savings %</td>
<td>62%</td>
</tr>
<tr>
<td>Net Savings</td>
<td>$7,204,846</td>
</tr>
<tr>
<td>Net Savings %</td>
<td>59%</td>
</tr>
</tbody>
</table>

Overall, ACIG is making sure to engage the right professionals to help mitigate catastrophic claims that may arise.

Project Lifesaver Report

This loss reduction initiative was started in 2003, with the goal of reducing the frequency and severity of losses. Through our members’ hard work and determination, we have been able to achieve a high level of success in reducing losses.

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

“A 47% reduction for workers compensation”
One of the contributing factors in our PLS success has been the development and sharing of Best Practices amongst our members. Our next Best Practices meeting will be held at the Grand Hyatt DFW on April 14th. We look forward to a productive and interactive meeting.

“General Liability losses have been reduced by 69%.”
Economic Benefit to Contractor Members

For the year ended December 31, 2008, the total economic benefit to ACIG’s contractors was $91.7 million. This total benefit consists of $40.0 million of policyholder dividends, $53.7 million of retro returns, less a $2.0 million financial loss. The economic benefits for the 2007 and 2006 calendar years were approximately $105.9 million and $89.7 million, respectively.

The economic benefit is broken out into three categories: profit (consists of premiums, less underwriting expenses, losses, claims adjusting fees and investment results), 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 4th Quarter Financial Results

ACIG experienced its first financial loss of $2.0 million in 2008. While the underwriting side of the operation continued to provide strong positive results, the world-wide turmoil in the financial and investment markets negatively impacted our investment results. We closed the year with shareholders’ equity of $88,332,861.
ACIG’s Investment Portfolio

Asset Allocation
as of December 31, 2008

<table>
<thead>
<tr>
<th>Market Value as of 12/31/08</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Fixed Income</td>
<td>$ 238,429,210</td>
</tr>
<tr>
<td>BlackRock</td>
<td>$ 178,089,380</td>
</tr>
<tr>
<td>Western-Absolute Return</td>
<td>$ 26,481,680</td>
</tr>
<tr>
<td>T. Rowe Price High Yield Fund</td>
<td>$ 1,622,923</td>
</tr>
<tr>
<td>Convertibles</td>
<td></td>
</tr>
<tr>
<td>Zazove</td>
<td>$ 20,657,915</td>
</tr>
<tr>
<td>Calamos Global Growth &amp; Income</td>
<td>$ 11,577,312</td>
</tr>
<tr>
<td>Total Equity</td>
<td>$ 28,428,713</td>
</tr>
<tr>
<td>Dodge &amp; Cox (U.S.)</td>
<td>$ 578,330</td>
</tr>
<tr>
<td>Primecap</td>
<td>$ 11,343,666</td>
</tr>
<tr>
<td>Wellington Global Perspectives</td>
<td>$ 6,628,751</td>
</tr>
<tr>
<td>Vanguard Total Stock Market ETF</td>
<td>$ 9,877,966</td>
</tr>
</tbody>
</table>

TOTAL ASSETS
$ 266,857,923 100%

Stockholders’ Equity (as of 12/31/08)
$ 88,332,861

Stocks as % of Shareholders’ Equity*
38.9%

*Includes common stock from Calamos portfolio

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
AZ Program Bound Projects

<table>
<thead>
<tr>
<th>Project Type</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCIP Projects</td>
<td>339</td>
</tr>
<tr>
<td>CCIP Construction Values</td>
<td>$6,400,000,000</td>
</tr>
<tr>
<td>CCIP Estimated Premiums</td>
<td>$137,149,933</td>
</tr>
<tr>
<td>Smallest Project</td>
<td>$25,000</td>
</tr>
<tr>
<td>Largest Project</td>
<td>$420,000,000</td>
</tr>
</tbody>
</table>

The AZ program management committee gathers twice annually for face-to-face meetings in addition to periodic conference calls. Dan Harmon of Hoffman Corporation serves as the committee chairman.

ACIG University

Our third class attended ACIG University at the Marriott DFW on January 27-28. This two-day program is designed to provide an orientation to the ACIG program and to increase the risk management acumen for its attendees as contractors are all in the “risk management business”. Invitations for the 2010 ACIG University will be sent to our CEOs later this year.

American Tort Reform Foundation (ATRF)

The American Tort Reform Foundation (ATRF) has released its 2008-09 judicial hellholes. In these locations, the scales of justice are radically out of balance and judges systematically apply law and court procedures in an unfair and unbalanced manner, generally against defendants in civil lawsuits.

Hall of Shame

1. West Virginia
2. South Florida
3. Cook County, Illinois
4. Atlantic County, New Jersey
5. Montgomery & Macon Counties, Alabama
6. Los Angeles County, California
7. Clark County, Nevada

Source: ATRF
Employee Spotlight

Each quarter we feature one of our ACIG team members.

**Employee Name:** Rob Hunt  
**Position at ACIG:** Senior Vice President  
**Years of Service:** 15 years  
**Family Members:** Wife: Susie; Children: Rob (Michelle) & Allison (Prasanth); Grandchildren: Amanda (9), Will (7), Kathryn (17 mos.)  
**Pets:** Spanky (17)  
**Hometown:** Sinton, TX  
**First Paying Job:** Stocking and sacking groceries in a small grocery store at age 11.  
**Dream Car:** Restored 1967 Pontiac GTO  
**Favorite Pastime:** Fishing with family.  
**Favorite Movies:** Braveheart, E.T., The Wizard of Oz, The Bucket List  
**Most Recent Book Read:** The Shack by William Paul Young, The Twelfth Angel by Og Mandino  
**iPod Favorites/Favorite Songs:** I Will Always Love You (Whitney Houston), Come Away With Me (Norah Jones), One More Night (Phil Collins), The First Time Ever I Saw Your Face (Roberta Flack)  
**Dream Vacation:** Sailing the South Pacific  
**People at Your Fantasy Dinner:** Jesus Christ, George Washington, Mother Teresa, Mahatma Gandhi, Leonardo da Vinci, Jacques Cousteau, Marilyn Monroe, The Beatles

ACIG Meetings and Workshops

<table>
<thead>
<tr>
<th>Date</th>
<th>Meeting</th>
<th>Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 14, 2009</td>
<td>Best Practices Session</td>
<td>Dallas, TX</td>
</tr>
<tr>
<td>April 15-16, 2009</td>
<td>Safety/Claims Workshop</td>
<td>Dallas, TX</td>
</tr>
<tr>
<td>September 16-18, 2009</td>
<td>Safety/Claims Workshop</td>
<td>Orlando, FL</td>
</tr>
<tr>
<td>October 29-30, 2009</td>
<td>Risk Management Workshop</td>
<td>Chicago, IL</td>
</tr>
<tr>
<td>November 19, 2009</td>
<td>In-House Legal Counsel</td>
<td>Dallas, TX</td>
</tr>
</tbody>
</table>
ACIG Contractors in the News

Watts Construction/Korsmo Construction, a Joint Venture received one of Engineering News Record’s Best of the Best Awards for the Paradise Lodge project, Mount Rainier National Park, Washington. Watts Construction is owned by The Weitz Company, LLC.

Jamie Jacob, CEO of Ajax Paving Industries, Inc., has been elected to the Board of Directors of the Michigan Chamber of Commerce.

Graycor Industrial received the National Maintenance Agreements Policy Committee Zero Recordable Injury Certificate for working 192,322 manhours at the Ameren Duck Creek Plant.

The Gerding Armory Theater project was the nation’s first LEED platinum historic renovation, as well as the first LEED platinum theater. Hoffman Corporation was the general contractor.

Forrester Construction recently completed the “Provide Accessibility and Improve Ford’s Theater National Historic Site” project. The project won three (3) Washington Building Congress (WBC) awards for craftsmanship.

Concluding Thoughts

At our recent Annual Membership meeting we conducted three (3) reporting sessions: Chief Executive Officer; Chief Financial Officer and Operations, Legal and Risk Management. The goal of these sessions is to provide a forum for open discussion and sharing of ideas and Best Practices amongst our members.

“None of us is as smart as all of us.” – Ancient proverb

All the best,

Executive Vice President

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