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ACIG

news

Post Accident Best Practices

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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.

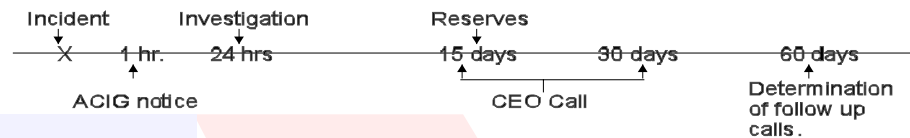
The team is activated immediately upon ACIG receipt of an occurrence that meets the SWAT Team, Rule of Ten.

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



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
	<u>2</u>	General Liability
Total	<u>17</u>	

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:

Bills Audited	11,248
Lines of Treatment Audited	40,347
Billed Amount	\$12,288,255
ACIG Paid Amount	\$4,855,043
Gross Savings	\$7,666,905
Gross Savings %	62%
Net Savings	\$7,204,846
Net Savings %	59%

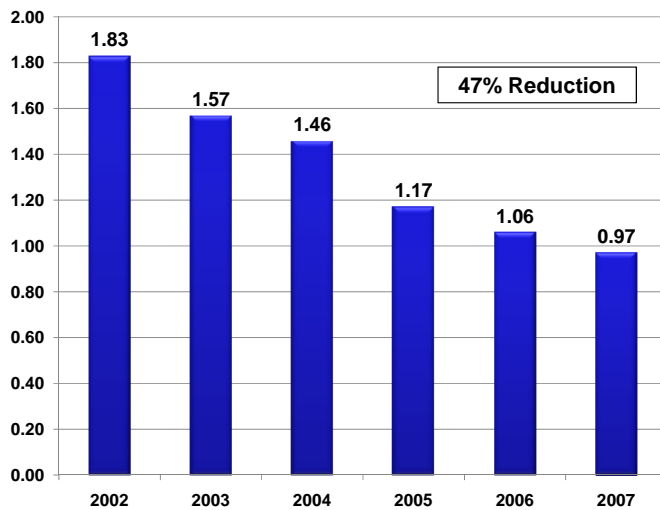
Overall, ACIG is making sure to engage the right professionals to help mitigate catastrophic claims that may arise.

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.



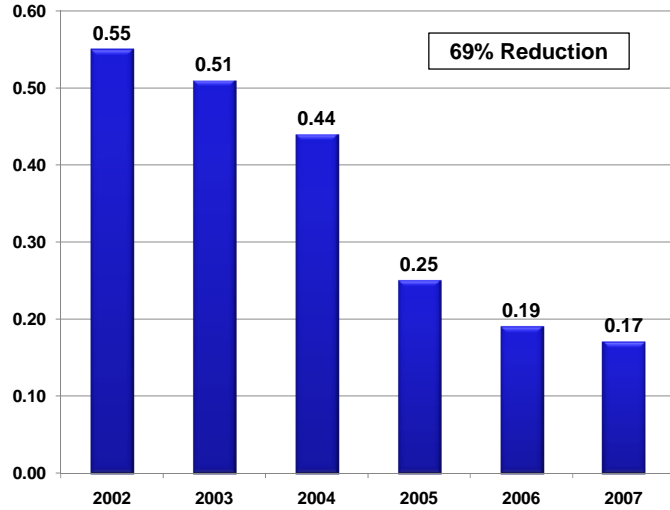
**Project Lifesaver
Workers Compensation – PLS Rate
Per 200,000 Manhours**



*“A 47% reduction
for workers
compensation”*



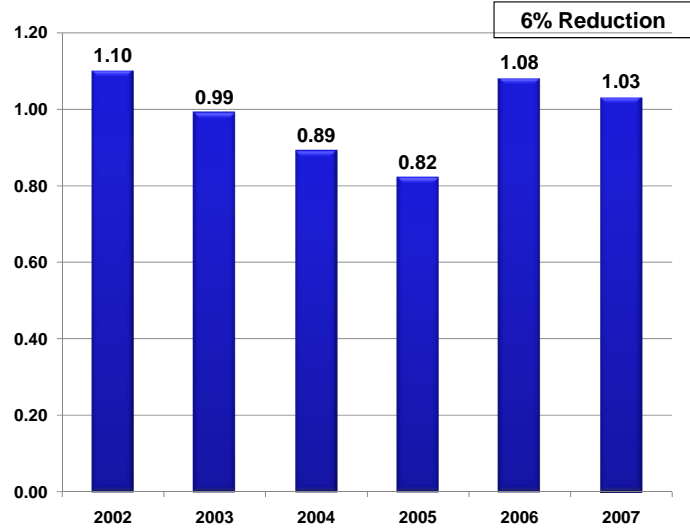
Project Lifesaver General Liability – PLS Rate Per 200,000 Manhours



“General Liability losses have been reduced by 69%.”



Project Lifesaver Auto Liability – PLS Rate Per 100 Units



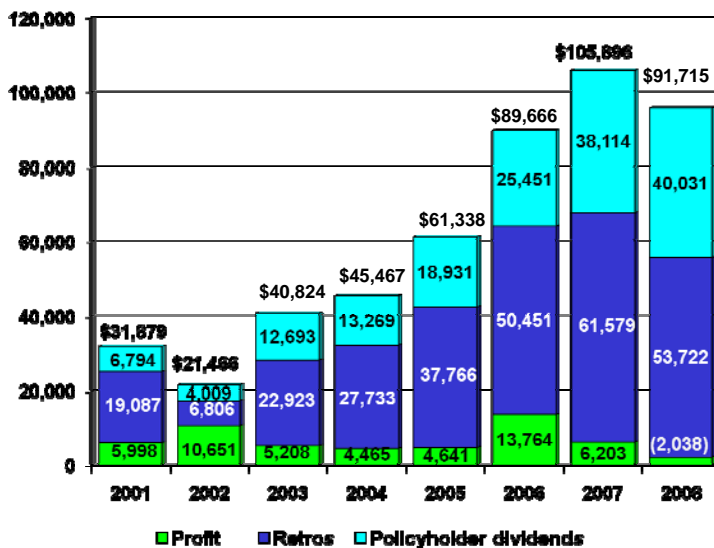
One of the contributing factors in our PLS success has been the development and sharing of Best Practices amongst our members. Our next Best Practices meeting will be held at the Grand Hyatt DFW on April 14th. We look forward to a productive and interactive meeting.

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.



Economic Benefits to Contractor Members



“Total economic benefit of \$91.7 million for the members.”

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

	Market Value as of 12/31/08	Percent of Total
Total Fixed Income	\$ 238,429,210	89.3%
BlackRock	\$ 178,089,380	66.7%
Western-Absolute Return	\$ 26,481,680	9.9%
T. Rowe Price High Yield Fund	\$ 1,622,923	0.6%
Convertibles		
Zazove	\$ 20,657,915	7.7%
Calamos Global Growth & Income	\$ 11,577,312	4.3%
Total Equity	\$ 28,428,713	10.7%
Dodge & Cox (U.S.)	\$ 578,330	0.2%
Primecap	\$ 11,343,666	4.3%
Wellington Global Perspectives	\$ 6,628,751	2.5%
Vanguard Total Stock Market ETF	\$ 9,877,966	11.2%
TOTAL ASSETS	\$ 266,857,923	100%
Stockholders' Equity (as of 12/31/08)	\$ 88,332,861	
Stocks as % of Shareholders' Equity*		38.9%
<small>*includes common stock from Calamos portfolio</small>		

“\$266,857,923
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

AZ Program Bound Projects

CCIP Projects	339
CCIP Construction Values	\$6,400,000,000
CCIP Estimated Premiums	\$137,149,933
Smallest Project	\$25,000
Largest Project	\$420,000,000

*“Scalable to
accommodate
any size project”*

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

<u>Date</u>	<u>Meeting</u>	<u>Place</u>
April 14, 2009	Best Practices Session	Dallas, TX
April 15-16, 2009	Safety/Claims Workshop	Dallas, TX
September 16-18, 2009	Safety/Claims Workshop	Orlando, FL
October 29-30, 2009	Risk Management Workshop	Chicago, IL
November 19, 2009	In-House Legal Counsel	Dallas, TX

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