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# ACIG news

## Driver Distraction – A Real Killer

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Recently there has been a lot of information and in some cases misinformation regarding the increased risk of driver distraction. Driver distraction can arise from many sources: eating, drinking, loud music, making and receiving cell phone calls, sending, receiving and replying to text messages and surfing the Internet via a sophisticated smart phone.

On July 29<sup>th</sup> Virginia Tech Transportation Institute (VTTI) released the results of its large-scale naturalistic driving studies utilizing sophisticated cameras and instrumentation in participants' vehicles. The methodology utilized by VTTI's studies reveals a clear picture of the distraction present when drivers operate their cell phones during vehicle operation, and the resulting crash event risks. A snapshot of the risk estimates is shown in the table below.

Text messaging on a cell phone presented the highest risk of a crash event.

<b>CELL PHONE TASK</b>	<b>Risk of Crash or Near Crash Event</b>
<b>Light Vehicle/Cars</b>	
Dialing Cell Phone	2.8 times as high as non-distracted driving
Talking/Listening to Cell Phone	1.3 times as high as non-distracted driving
Reaching for object (i.e. electronic device and other)	1.4 times as high as non-distracted driving
<b>Heavy Vehicles/Trucks</b>	
Dialing Cell Phone	5.9 times as high as non-distracted driving
Talking/Listening to Cell Phone	1.0 times as high as non-distracted driving
Use/Reach for electronic device	6.7 times as high as non-distracted driving
Text messaging	23.2 times as high as non-distracted driving

Eye glance analyses were conducted to assess where drivers were looking while involved in a safety critical event (e.g. crash or near crash) while performing cell phone tasks. The tasks that drew the driver's eyes away from the forward roadway were those with the highest risk.

VTTI's research showed that a driver that was text messaging was 23.2 times more likely to experience a crash event. The eye glance analyses also revealed that text messaging drivers spent the longest duration time

with their eyes off the road: over 4.6 seconds in a 6.0 second interval. This equates to driving the length of a football field at 55 mph without looking at the roadway. In December 2008 over 110 billion text messages were sent according to the CTIA, the Wireless Telecommunications Industry, with predictions of over 1 trillion text messages in 2009.

### **VTTI's Recommendations**

- Driving is a visual task and non-driving activities that draw the driver's eyes away from the roadway, such as texting and dialing, should always be avoided.
- Texting should be banned in moving vehicles for all drivers. Currently 17 states have enacted laws outlawing texting by drivers of moving vehicles.
- "True Hands Free" phone use is less risky if it is designed so the driver doesn't have to take their eyes off the roadway often or for long periods.
- All cell phone use should be banned for newly licensed teen drivers. Studies show that teens tend to engage in cell phone tasks more frequently and in much more risky situations.

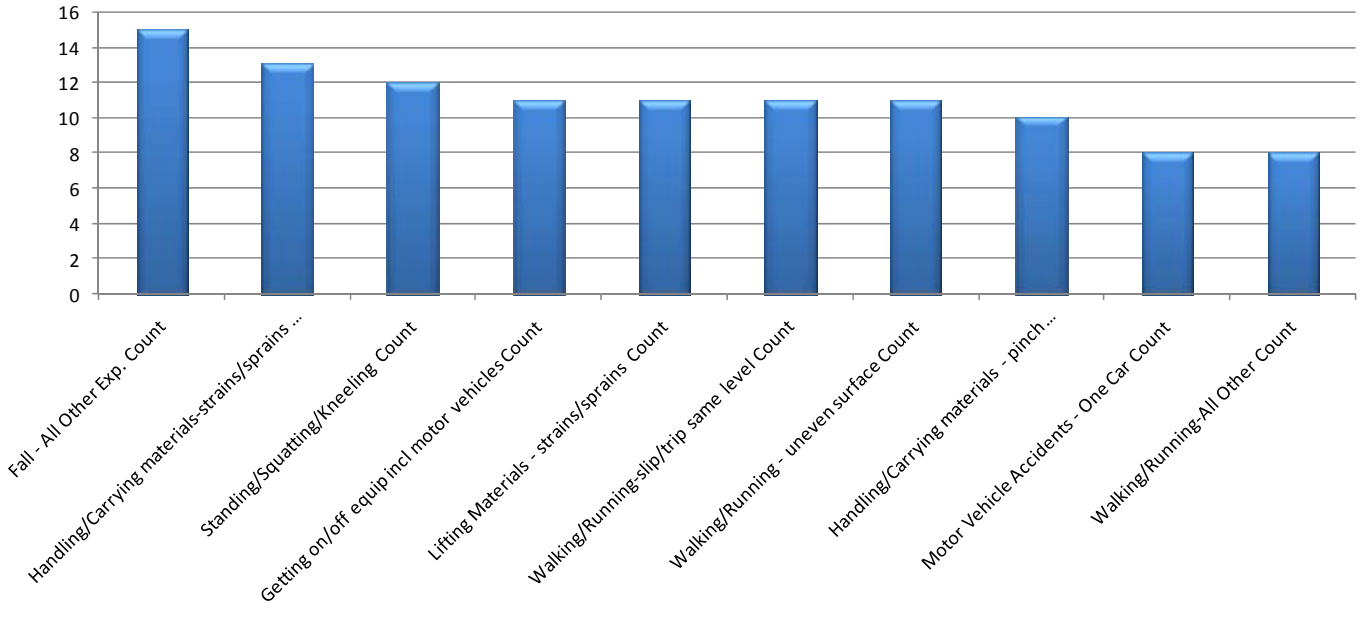
Does your company have a cell phone policy? If yes, it may need to be rewritten to address the dramatically increased risk of text messaging. If not, then this may be the opportune time to develop, communicate and implement your new cell phone policy.

## **ACIG Loss Analysis Form Data**

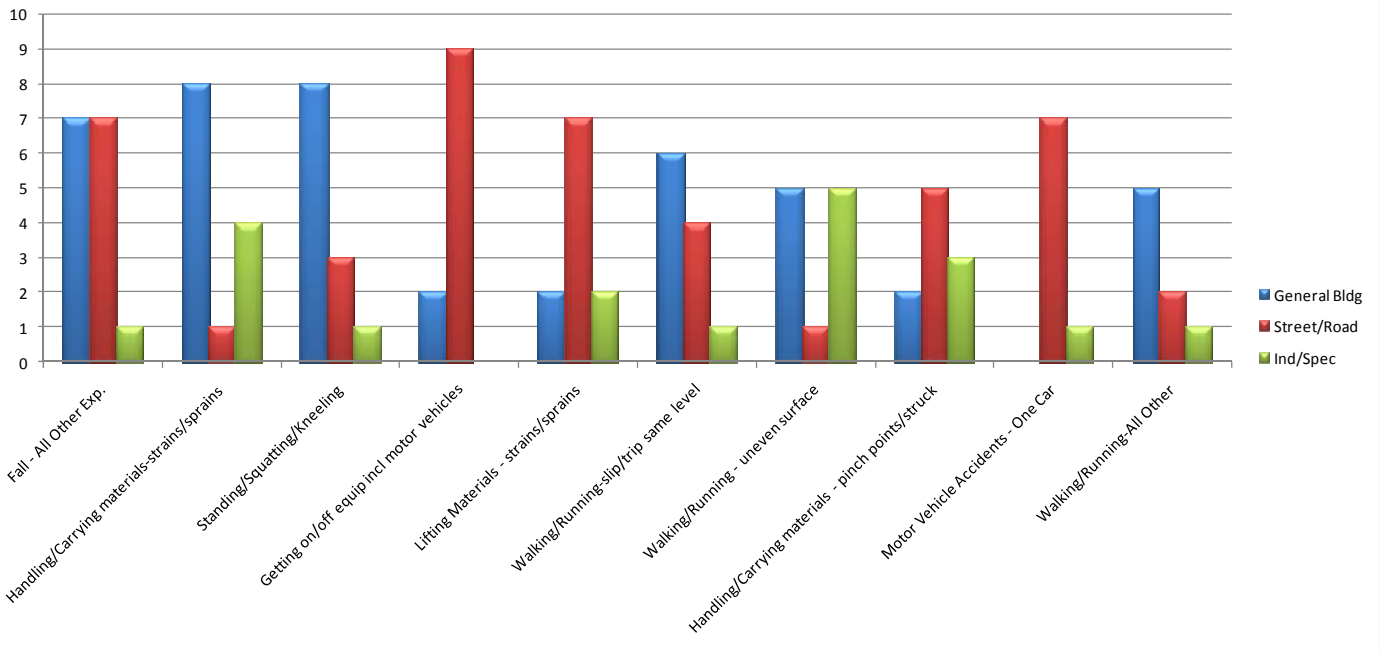
Members complete a Loss Analysis Form for all losses that qualify under the Project Lifesaver Initiative. For the policy period June 1, 2008-09, we received and analyzed 231 forms. The following graphs identify some interesting data.

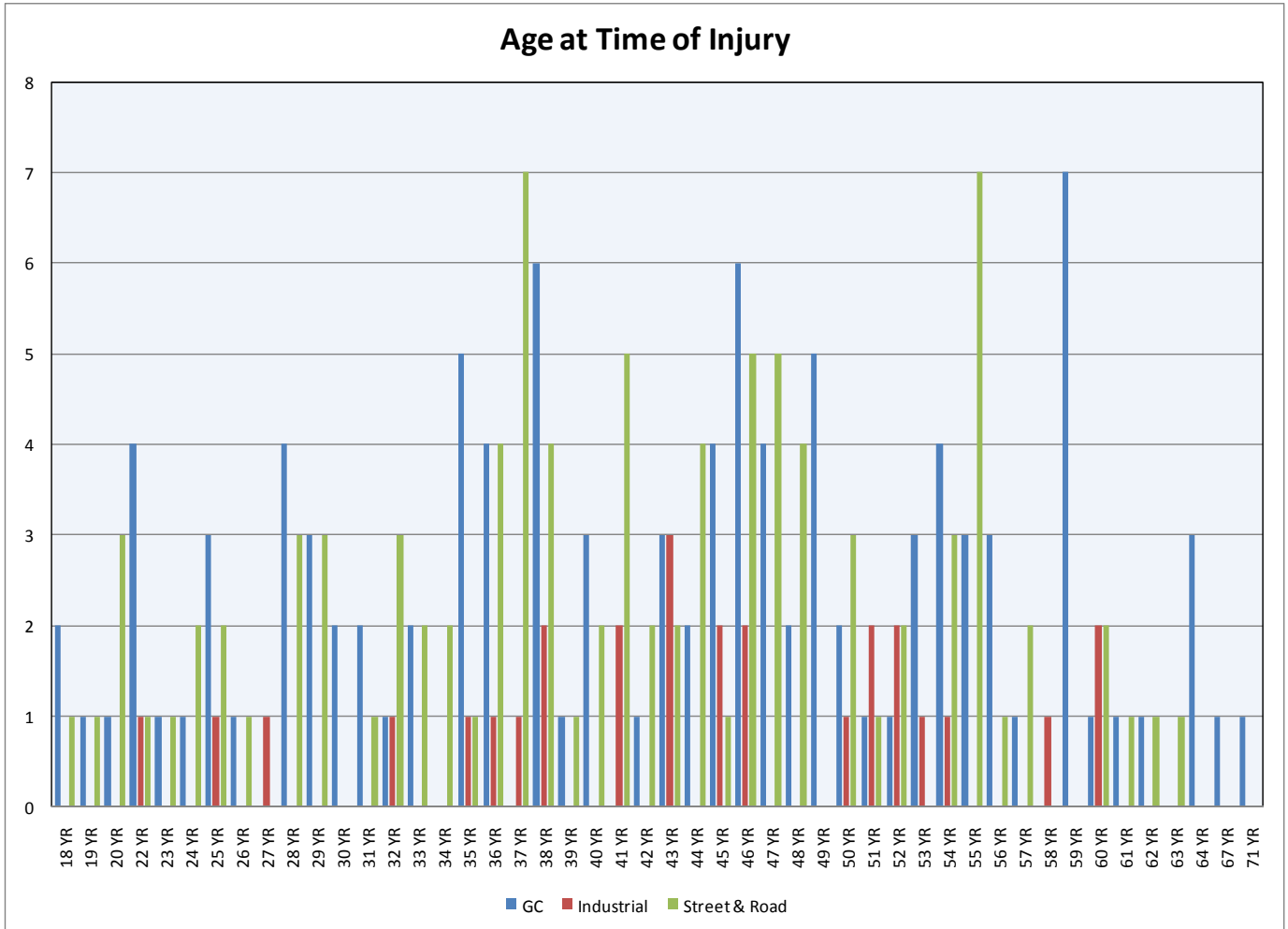
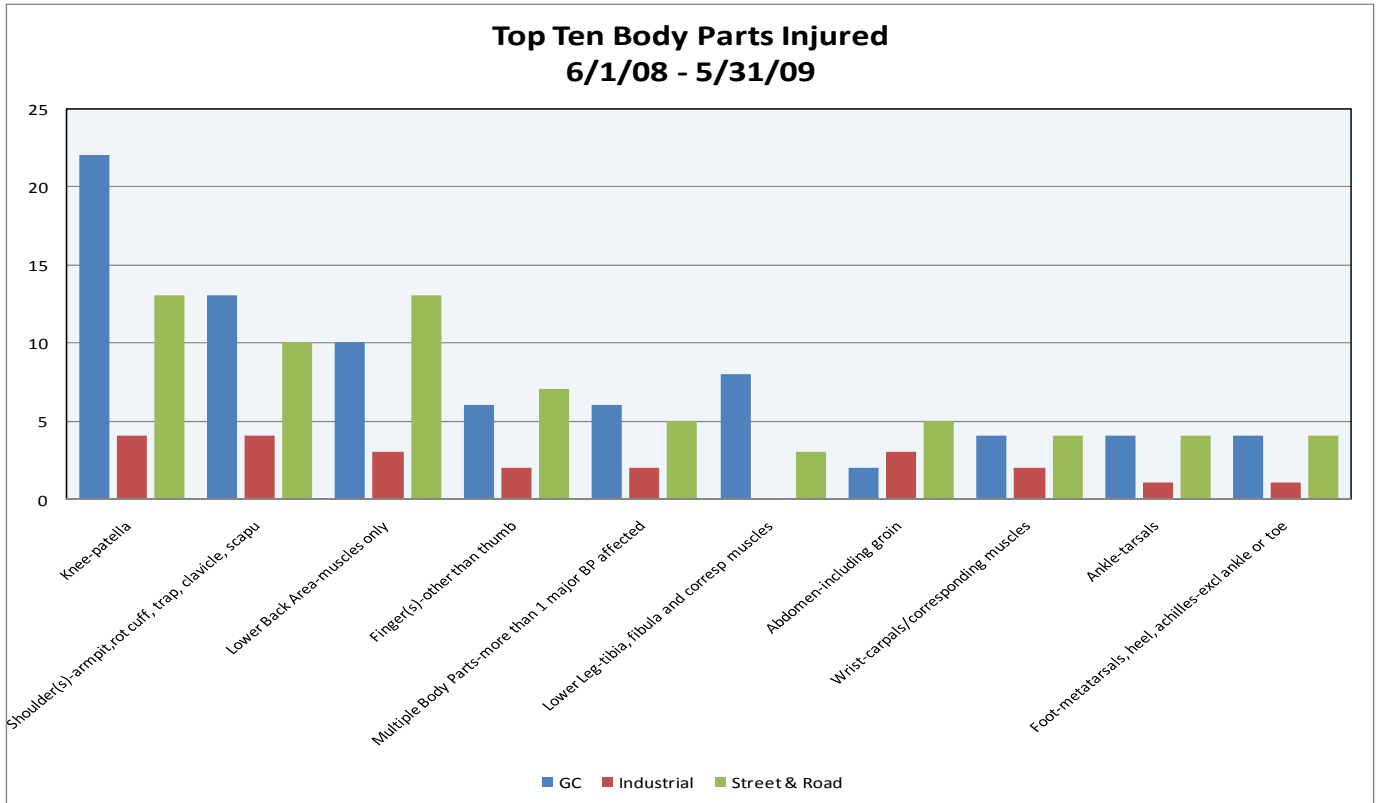
- Top Ten Activity Hazards – Overall
- Top Ten Activity Hazards – Industry Segment
- Top Ten Body Parts Injured
- Age on Accident Date
- Years Experience

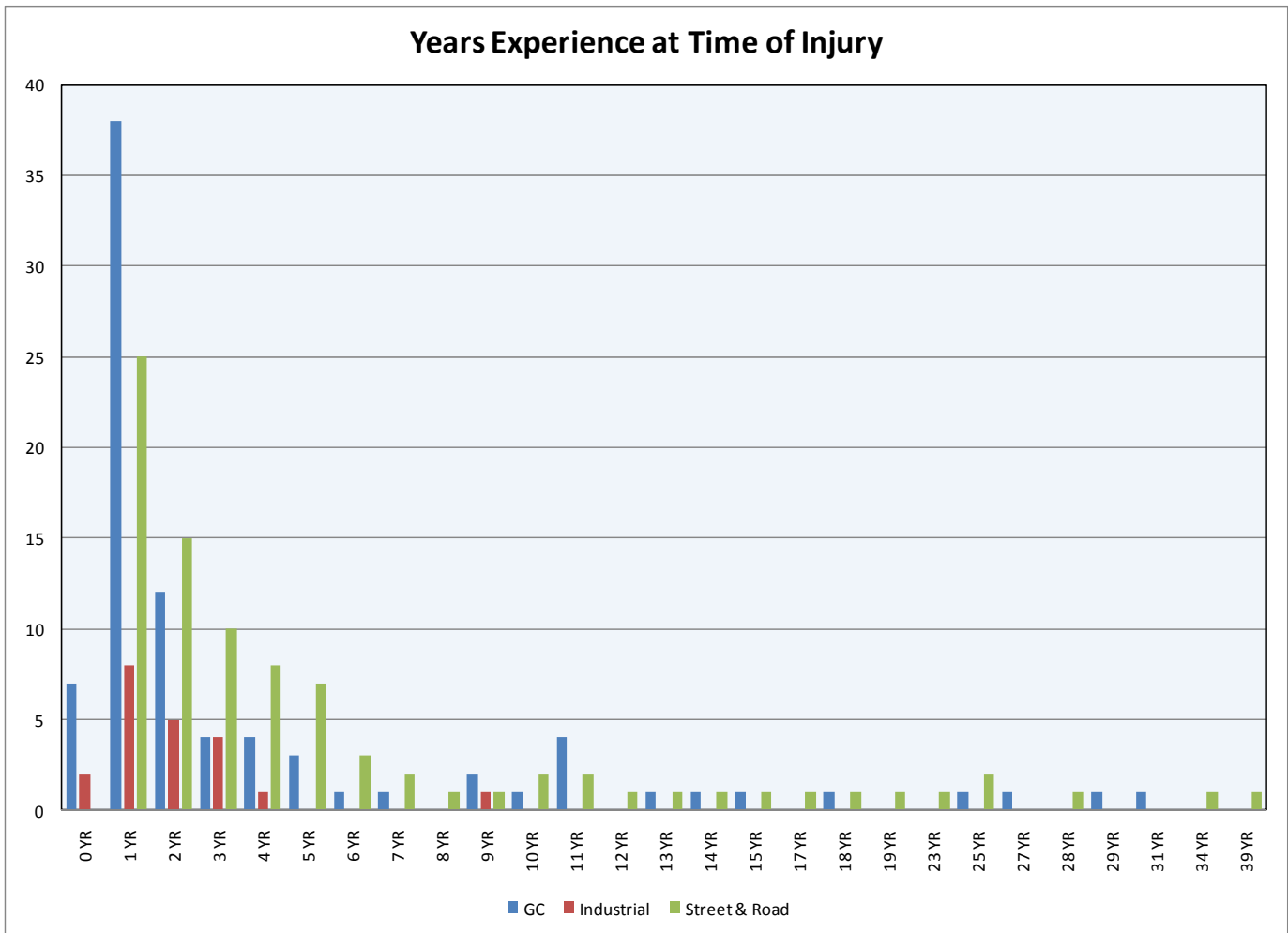
### Top Ten Activity Hazards Overall 6/1/2008 - 5/31/2009



### Top Ten Activity Hazards by Industry 6/1/08 - 5/31/09







If you would like to discuss an analysis of your company’s information, please contact your Risk Management Executive.

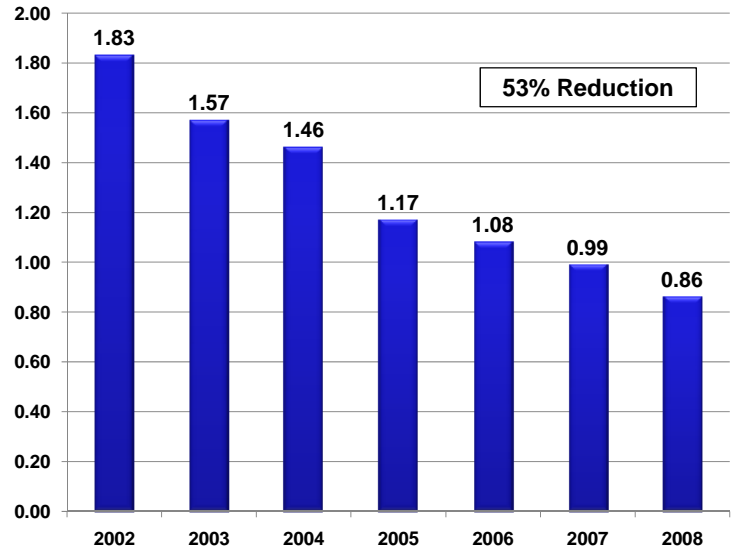
## Project Lifesaver Report

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.



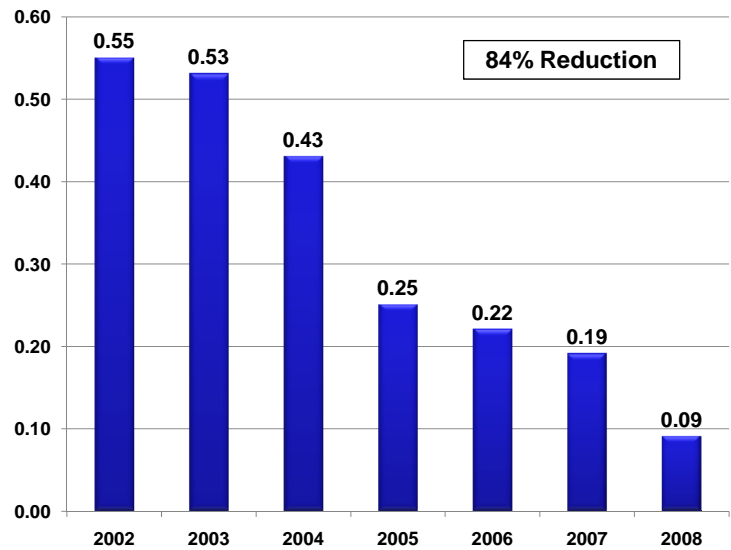
**Project Lifesaver  
Workers Compensation – PLS Rate  
Per 200,000 Manhours**

*“A 53% reduction  
for workers  
compensation”*



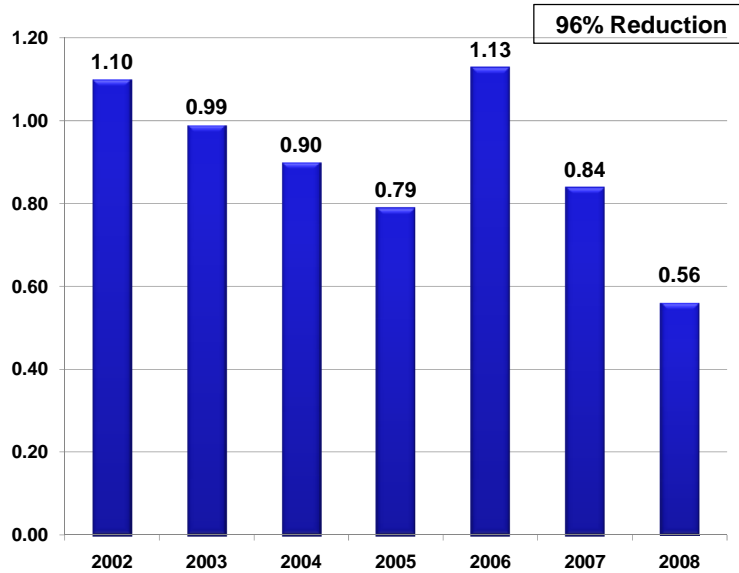
**Project Lifesaver  
General Liability – PLS Rate  
Per 200,000 Manhours**

*“General Liability  
losses have been  
reduced by 84%.”*





### Project Lifesaver Auto Liability – PLS Rate Per 100 Units



*“2008 results showed a dramatic improvement”*

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 Dallas Four Seasons on February 18<sup>th</sup>. We look forward to a productive and interactive meeting.

### ACIG’s Six Month Financial Results

ACIG’s capital position now stands at \$100,775,000 due to improvement in the investment markets over the last quarter. Premiums earned for the six month period were down as our members’ premium bases (payroll, revenue, and power units) were adversely impacted by the current economic conditions. On a positive note, losses and loss adjustment expenses had a positive variance as our Project Lifesaver Initiative continues to produce positive results. Income before Federal income taxes was \$2,775,000. Total economic benefit to the members is comprised of the following:

Pretax Income	\$ 2, 775,000
Retro Return Premiums	\$ 35,237,000
Policyholder Dividends	\$ 9,201,000
<b>Total</b>	<b>\$ 47,213,000</b>

## ACIG's Investment Portfolio

### Asset Allocation as of June 30, 2009

	Market Value as of 6/30/09	Percent of Total
<b>Insurance Reserves Portfolio</b>	<b>\$ 194,390,629</b>	<b>65.0%</b>
BlackRock	\$ 194,390,629	
<b>Capital Portfolio</b>	<b>\$ 104,667,604</b>	<b>35.0%</b>
<b>Equities</b>		
Dodge & Cox (U.S.)	\$ 11,214,395	3.7%
Primecap	\$ 12,249,686	4.1%
Wellington Global Perspectives	\$ 8,143,825	2.7%
<b>Convertibles</b>		
Zazove	\$ 17,520,640	5.9%
Calamos Global Growth & Income	\$ 13,088,802	4.4%
<b>Fixed Income</b>		
Western-Absolute Return	\$ 18,915,783	6.3%
T. Rowe Price High Yield Fund	\$ 1,967,303	0.7%
Payden GNMA Fund	\$ 17,232,340	5.8%
<b>Real Assets</b>		
BlackRock TIPS	\$ 4,334,830	1.4%
<b>TOTAL ASSETS</b>	<b>\$ 299,058,233</b>	<b>100%</b>
<b>Shareholders' Equity (as of 6/30/09)</b>	<b>\$ 100,775,181</b>	
<b>Stocks as % of Shareholders' Equity*</b>		<b>36.4%</b>
<small>*includes common stock from Calamos' portfolio</small>		

*“\$299,058,233  
in total investments”*

## ACIG/Zurich Strategic Alliance

### AZ Program Bound Projects

CCIP Projects	379
CCIP Construction Values	\$6,413,000,000
CCIP Estimated Premiums	\$145,859,365
Smallest Project	\$1,798
Largest Project	\$420,000,000

*“Scalable to  
accommodate  
any size project”*

On May 29<sup>th</sup>, ACIG met with Zurich North America's senior leadership to present the ACIG/Zurich Alliance Report. The Alliance Report included up to date information on all the Zurich business, AZ Program, Group Professional/Pollution, Subguard and Ancillary Coverage Placements. Based upon the earned premiums, incurred losses, including IBNR, and expenses this book of business has been very profitable with a combined ratio of 64%.



## ACIG's Newest Member

SpawGlass became an ACIG member on June 1, 2009. The company was formed in 1953 by Louis Spaw and Frank Glass and is now owned by its over 500 employees. SpawGlass currently performs the majority of its work in Texas and maintains four offices in the state, located in Austin, Harlingen, Houston and San Antonio. In addition to being named one of the best places to work in Texas, SpawGlass is a consistent award winner for the completion of projects in an array of sectors including education, public, healthcare, hospitality, religious, retail and senior living.

On August 8<sup>th</sup>, ACIG conducted the SpawGlass Risk Management Boot Camp in San Marcos, Texas.

## ACIG Member's Unique Projects

Beginning with this edition of ACIG News, we will be featuring one of our member's unique projects. If you would like to submit a project photo and description for future newsletters, please email it to [Mike.ONeill@ACIG.com](mailto:Mike.ONeill@ACIG.com).



Berglund recently completed construction on "The Ledge"; the new glass balconies suspend 1,353 feet (412 meters) in the air and jut out 4 feet (1.22 meters) from the Willis Tower's 103<sup>rd</sup> floor Skydeck.

## Employee Spotlight

Each quarter we feature one of our ACIG team members.

**Employee Name:** Nancy Pfaffle

**Position at ACIG:** Insurance Operations Manager

**Years of Service:** 18 years

**Family Members:** Husband: Curt; Children: Grace, Grant

**Pets:** Buddy (dog), Flower (cat)

**Hometown:** Sachse, TX

**First Paying Job:** Schuyler County Nursing Home (kitchen), Missouri

**Dream Car:** Not a car lover; four wheels and air conditioning

**Favorite Pastime:** Time with Grant and Grace; outdoors

**Favorite Movies:** Drama/Suspense

**Most Recent Book Read:** The Wonder of Girls

**iPod Favorites/Favorite Songs:** Pretty much anything from the 80's

**Dream Vacation:** Safari in Africa

**People at Your Fantasy Dinner:** Anne Frank, Tiger Woods, Oprah Winfrey, Tom Hanks, Isaac Newton, David Letterman

## ACIG Meetings and Workshops

<u>Date</u>	<u>Meeting</u>	<u>Place</u>
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
January 26-27, 2010	ACIG University	Dallas, TX
February 18, 2010	Best Practices Session	Dallas, TX
February 19, 2010	Annual Meeting	Dallas, TX

## ACIG Contractors in the News

Herzog Contracting Corp. is celebrating its 40<sup>th</sup> Anniversary. Bill Herzog founded the company in 1969 as an asphalt paving contractor. A joint venture of Herzog/CR Smith Construction won a contract to pave the streets in Independence, MO. The contract involved paving the square around the home of former President Harry S. Truman. One of Herzog's favorite memories was visiting with Truman outside his home.

Hoar Construction, LLC has been recognized as one of the Top 50 Best Small and Medium Companies to work for in America by the Society for Human Resource Management (SHRM) and the Great Place to Work Institute (GPTW).

J.D. Abrams was presented the "Operation Reward Safety" honor by the US Army Corp of Engineers for the fiscal year 2009 in the medium contract category.

Jaynes Corporation won the American Subcontractor Association (ASA) of New Mexico 2009 General Contractor of the Year Award.

KS Industries successfully completed two (2) years with no loss time accidents. This covers over 6,100,000 man-hours.

Nabholz was the recipient of the 2009 ABC Excellence in Construction Awards for two recent projects:

- U.S. Customs and Border Control Advanced Training Facility Firearms Range in Harpers Ferry, West Virginia
- Jonesboro Fire Station #3 in Jonesboro, Arkansas.

Jennifer D'Aquilla, Risk Manager, Roy Anderson Construction Company, was selected as one of Mississippi's 50 Leading Business Women.

Pankow received three (3) awards in the Design-Build Institute of America's Western Pacific Region:

- Jack London Square Parking Structure in Oakland, California
- Annenberg Community Beach House in Santa Monica, California
- Kaiser's 4501 Broadway Project in Oakland, California.

## Concluding Thoughts

Since the invention of the integrated circuit in 1958, the number of transistors that can be placed inexpensively on an integrated circuit has increased exponentially, doubling approximately every two years. The trend was first observed by Intel co-founder Gordon E. Moore and is referred to as Moore's law.

Almost every measure of the capabilities of digital electronic devices is strongly linked to Moore's law: processing speed, memory capacity, sensors and even the number and size of pixels in digital cameras. This has dramatically increased the usefulness of digital electronics in nearly every segment of the world economy.

But these advances in technology are not without risk; VTTI's recent study validated that using modern technology while operating a motor vehicle is a high risk behavior. Please communicate this information to your employees, family members and loved ones.

All the best,



Executive Vice President