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# ACIG

## news

### Best Practices Session

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The 2010 Best Practices Session will be held on February 18, 2010 at the Four Seasons – Las Colinas. The Best Practices Steering Committee has developed a robust agenda for this session. Ken Jacob, CEO of Cajun Industries, LLC will make the Keynote Address on “The Importance of Leadership in Your Risk Management Program.” The Construction Industry Breakout Sessions will be facilitated by ACIG members. This year’s afternoon special emphasis topics will be:

- Best Practices in Risk Management for Joint Ventures
- WorkSTEPS – Essential Job Functions
- Safety Culture – Compliance vs. Commitment
- Wellness Programs
- Electronic Document Management
- Management Safety Audits

These special emphasis topics will include a 20 minute presentation and a 30 minute time slot for questions and discussions.

### In-House Legal Counsel Forum

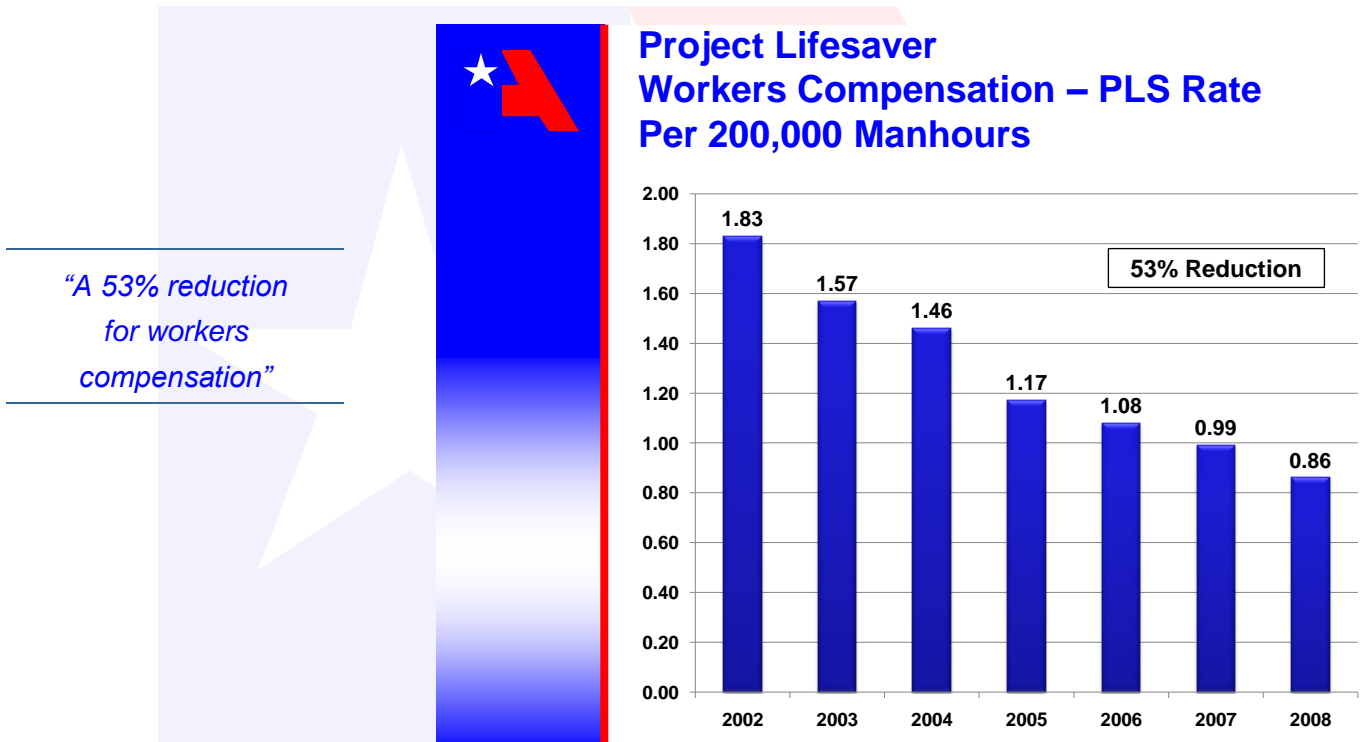
ACIG conducted its annual In-House Legal Counsel Forum on November 19, 2009. The Steering Committee and ACIG staff developed a very informative agenda that included the following topics:

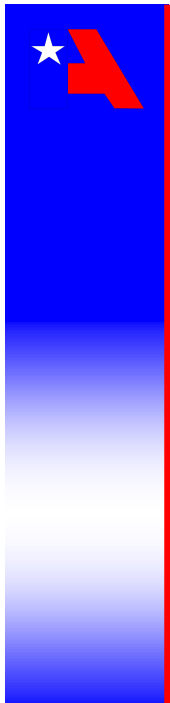
- Directors and Officers Liability, Employment Practices and Fiduciary Liability
- Employment Issues in a Shrinking Construction Economy
- Government Contracting Update
- ACIG's Document Repository Project
- Electronic Document Management
- Integrated Project Delivery
- Green Building – Avoid the New Risks
- Joint Ventures in Today's Marketplace

ACIG has developed a Document Repository to be accessed by ACIG members, all of the presentation material, i.e., topic outlines and PowerPoint presentations will be added to the repository. The ACIG Document Repository can be accessed through our [www2.acig.com](http://www2.acig.com) secure website. If you would like to learn more, please contact Mike Kernan at [Mike.Kernan@ACIG.com](mailto:Mike.Kernan@ACIG.com).

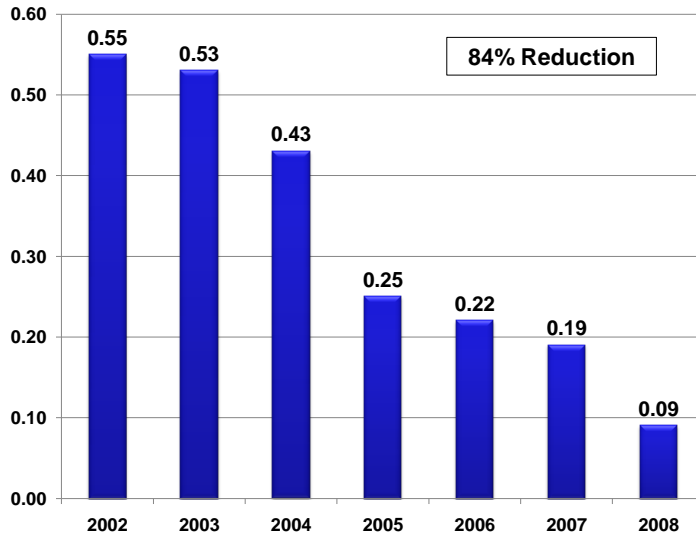
## Project Lifesaver Report

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.

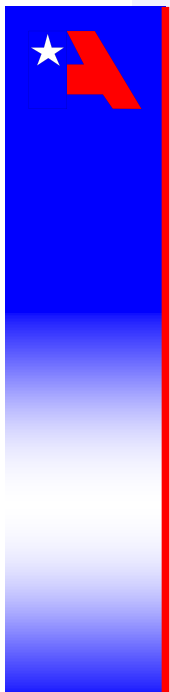




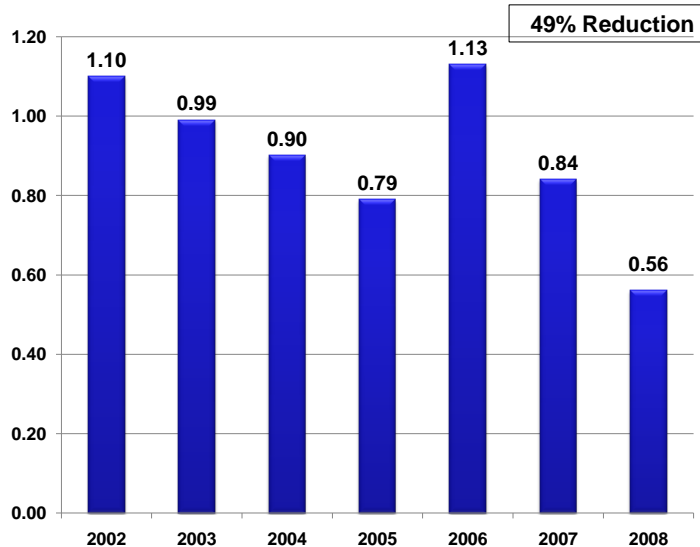
### Project Lifesaver General Liability – PLS Rate Per 200,000 Manhours



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



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



*“2008 results showed a dramatic improvement”*

## ACIG's Nine Month Financial Results

ACIG's capital position now stands at \$110,492,000 due to improvement in the investment markets over the quarter. Premiums earned for the nine month period were down as our members' premium bases (revenues, payrolls and power units) were impacted by the current economic conditions. We continue to reap the benefit of lower losses and loss adjustment expenses derived from our Project Lifesaver Initiative. Total economic benefit to members is comprised of the following:

Pretax Income	\$ 4,322,000
Retro Return Premiums	\$ 48,558,000
Policyholder Dividends	\$ 22,273,000
Total (nine months)	\$ 75,153,000

## ACIG's Investment Portfolio

### Asset Allocation as of September 30, 2009

	Market Value as of 09/30/09	Percent of Total
<b>Insurance Reserves Portfolio</b>	<b>\$ 201,362,108</b>	<b>63.6%</b>
BlackRock	\$ 201,362,108	
<b>Capital Portfolio</b>	<b>\$ 115,423,625</b>	<b>36.4%</b>
<b>Equities</b>		
Dodge & Cox (U.S.)	\$ 11,101,169	3.5%
Primecap	\$ 14,044,538	4.4%
Wellington Global Perspectives	\$ 10,037,108	3.2%
<b>Convertibles</b>		
Zazove	\$ 19,942,714	6.3%
Calamos Global Growth & Income	\$ 15,000,821	4.7%
<b>Fixed Income</b>		
Western-Absolute Return	\$ 20,968,435	6.6%
T. Rowe Price High Yield Fund	\$ 2,204,391	0.9%
Payden GNMA Fund	\$ 17,652,202	5.6%
<b>Real Assets</b>		
BlackRock TIPS	\$ 4,472,247	1.4%
<b>TOTAL ASSETS</b>	<b>\$ 316,785,733</b>	<b>100%</b>
<b>Shareholders' Equity (as of 6/30/09)</b>	<b>\$ 110,492,000</b>	

**“\$316,785,733**

*in total investments”*

## ACIG/Zurich Strategic Alliance

### AZ Program Bound Projects

CCIP Projects	406
CCIP Construction Values	\$6,547,193,246
CCIP Estimated Premiums	\$147,576,393
Smallest Project	\$1,798
Largest Project	\$420,000,000

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*“Scalable to accommodate any size project”*

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The AZ Program continues to produce very positive underwriting results. Since the last report an alliance meeting was held with Chartis, the excess limits underwriter. The next AZ Program Management Committee meeting will be held on March 4<sup>th</sup> in Schaumburg, Illinois, followed by our Alliance Report Session with Zurich.

## ACIG Webinars

In pursuit of improving our communications with our members and their agent/broker, ACIG is embracing the Webinar Technology. From time to time, we have the need to communicate detailed topics and the Webinar format allows for a consistent message to be delivered to all the stakeholders. We have developed Best Practices for delivering an effective Webinar and ask for your suggestions on how we can improve the process.

We presented “Commercial General Liability Coverage Modifications Disclosure and Remedial Action Plan” via Webinars on December 10<sup>th</sup> and 17<sup>th</sup>.

## ACIG Receives a Perfect Score

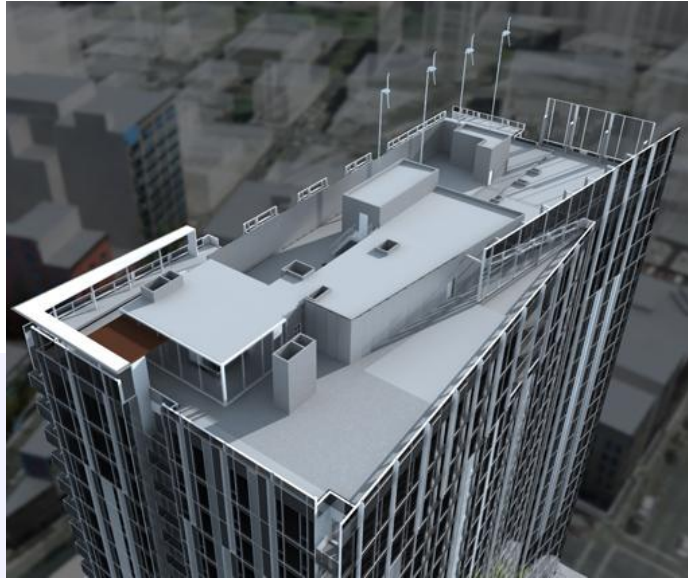
ACIG Insurance Company, Inc. received a perfect score and certification for its Workers Compensation claim handling and administration from the State of Arkansas, Workers Compensation Commission. We strive for perfection in our claims handling and it is rewarding to be recognized for our efforts.

## ACIG Members' Unique Projects

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*Hoffman Construction Company  
12<sup>th</sup> and Washington Project  
Portland, OR*

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### Is green the new gold?

We are featuring a recent project built by Hoffman Construction Company in Portland, OR. The 12<sup>th</sup> and Washington Project is a mixed-use tower that utilizes energy strategies to reduce energy consumption by over 40%. The building incorporates the following energy-saving features:

- Thermal mass
- Day lighting and occupancy sensors
- Low flow fixtures
- High efficiency heating, cooling and plumbing systems

The project employs two forms of renewable energy:

- 1,360 sq. feet flat plate solar hot water collectors; and
- An array of wind turbines on the tower's roof, as shown in the picture

## Employee Spotlight

Each quarter we feature one of our ACIG team members.

**Employee Name:** Geoff Schrader

**Position at ACIG:** Senior Liability Claims Representative

**Years of Service:** 8

**Family Members:** Wife: Gina, Children: Chloe and Ryan

**Hometown:** Plano, TX

**First Paying Job:** Six Flags – games attendant

**Dream Car:** Bugatti Veyron

**Favorite Pastime:** Playing/Watching sports, spending time with my kids

**Favorite Movies:** The Godfather, Apocalypse Now, Shawshank Redemption, Hoosiers

**Most Recent Book Read:** Atlas Shrugged

**iPod Favorites/Favorite Songs:** The End (Doors), The Wall (Pink Floyd), Imagine (John Lennon), Hotel California (Eagles)

**Dream Vacation:** Rome, Italy

**People at Your Fantasy Dinner:** Abraham Lincoln, Douglas MacArthur, Franklin Roosevelt, Warren Buffett, Howard Hughes, Pete Rozelle

## ACIG Meetings and Workshops

<u>Date</u>	<u>Meeting</u>	<u>Place</u>
January 26-27, 2010	ACIG University	Dallas, TX
February 18, 2010	Best Practices Session	Dallas, TX
February 19, 2010	Annual Meeting	Dallas, TX
March 25-26, 2010	Vail Contractors Meeting	Vail, CO
April 20-22, 2010	Safety/Claims Workshop	Chicago, IL

## ACIG Contractors in the News

McGraw-Hill Construction's second annual Best of the Best Awards, recognizing excellence in design and construction projects completed in 2009 included two (2) ACIG members:

Kitchell Construction Company of Arizona for the Phoenix Children's Hospital Expansion. This 11-story expansion included a constricted site adjacent to an existing hospital. Schuff Steel was awarded the steel subcontract which included 5,600 tons of steel and more than 765,000 sq. ft. of steel decking.

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*Phoenix Children's  
Hospital Expansion*

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Weitz/DPR Joint Venture completed the Scripps Florida laboratory project for the Scripps Research Institute. This project has an interesting story line. Four (4) months into construction, a federal judge shut down the facilities original site due to permitting issues. This forced the entire project team to relocate, redesign, re-price and restart the project. In spite of the early setbacks, the Weitz/DPR Joint Venture completed the project six (6) weeks ahead of schedule and within the original Guaranteed Maximum Price budget using a Zero Punchlist quality process and Lean Construction principles.

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*Scripps Research Institute's  
Scripps Florida Facilities Project*

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William Charles, Ltd. was recognized as the number one finalist for the Gary Bird Horizon Award presented by the International Risk Management Institute (IRMI) at its annual Construction Risk Conference. The award is presented annually to recognize commitment to improving construction Risk Management. The award is named in honor of Gary Bird, a nationally known Risk Management expert who was killed in the terrorist attacks on the World Trade Center on September 11, 2001.

Doug Pitcock, CEO of Williams Brothers Construction Co., Inc. spoke at the White House Jobs Summit. Leaders from business, labor and state and local government were invited to attend. Doug, who is an AGC past President, served as AGC's representative. He made the point that construction projects have the dual benefit of creating jobs in the short term and providing long-term economic benefits by producing assets that will be here for future generations.

## Concluding Thoughts

In a year of extraordinary and unprecedented challenges faced by the country and the Construction Industry, it is important to reflect on all we have achieved in spite of significant headwinds, while at the same time acknowledging the battles are far from won and much work remains.

ACIG members were able to achieve meaningful reductions in their PLS Reportable claims in spite of a very difficult construction employment market.

ACIG members continue to support the programs that have contributed to the overall success of ACIG, including the Best Practices Session, PLS Contractor meetings, Safety/Claims Workshops, Quality Peer Group meetings, Root Cause Accident Investigation training, the In-House Legal Counsel Forum and ACIG University.

Even in these challenging times, ACIG's value proposition continues to resonate with companies seeking a Risk Management partner. We were pleased to welcome SpawGlass to our membership in 2009.

While we have been very successful in a number of fronts in 2009, clearly many challenges lie ahead. The economic context we face will continue to be extraordinarily challenging, but ACIG and its members are ready to bring all of their resources to bear to advance our mission of "Saving lives, preventing injuries and reducing the overall cost of risk for our Shareholders."

All the best,



President