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ACIG news

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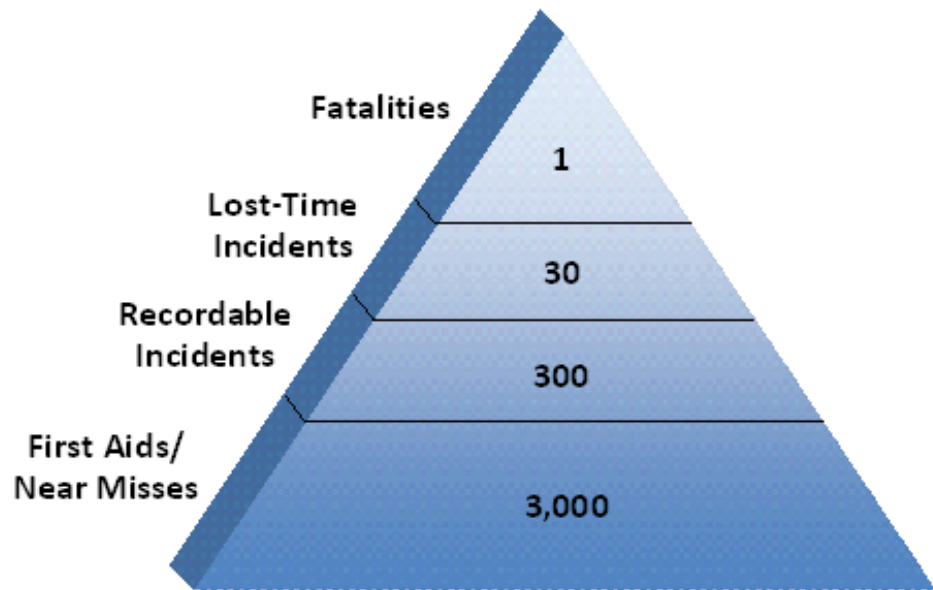
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Serious Injury and Fatality (SIF) Initiative

The Bureau of Labor Statistics (BLS) reported 4,405 fatal occupational injuries for 2013. The fatality rate was 3.2 per 100,000 full-time workers. The construction industry accounted for 796 or 18% of the total fatalities, a fatality rate of 9.4 per 100,000 full-time workers.

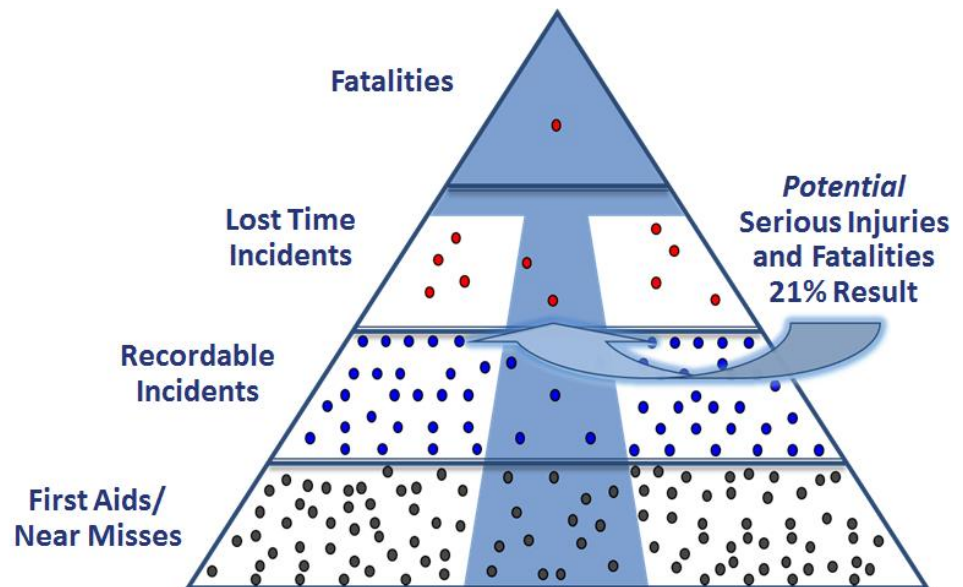
The time is right for a different approach to construction safety with a special emphasis on high hazard exposures that can result in serious injuries and fatalities. Heinrich's Theory of Accident Causation is no longer accurately predictive in that all low severity injuries do not have the same potential for serious injuries or fatalities.

Old Paradigm – Safety Triangle



Behavioral Science Technology has conducted extensive research in developing a new safety triangle. The strategy for reducing serious injuries and fatalities should use precursor event data drawn from all available data: accidents, injuries, near misses and high hazard exposures.

New Paradigm – SIF Triangle



ACIG's SIF Initiative is focused on developing a path forward for improving project safety, specifically to address high hazard activities. We are analyzing the data from our 1,047 WC PLS Reportables over the past five policy years to establish an overall ACIG Member SIF Rate. In addition, we will develop Member-specific SIF rates to allow for industry-specific benchmarking.

Many ACIG Members are deploying their own Life-Saving Commitments throughout their operations. This will heighten awareness of SIF hazards and provide education and training opportunities.

"What can kill you today?" is being asked on projects across the United States. The time is now to proactively address the serious injuries and fatalities that haunt the U.S. Construction Industry.

ACIG Financial Report December 31, 2014

Balance Sheet Profile

ACIG reported total assets of \$424,997,000 as of December 31, 2014 versus assets of \$393,155,000 reported at December 31, 2013. ACIG's shareholders' equity was \$149,955,000 (versus \$143,012,000 at December 31, 2013).

Operating Results for the Year Ended December 31, 2014

ACIG reported pretax income of \$51,909,000 for the year ended December 31, 2014 before policyholder dividends and other return premiums of \$36,497,000 and related bonuses of \$6,390,000. ACIG accrued premium refunds of \$36,497,000 payable to the ACIG insureds pursuant to our capital management strategy versus budgeted transactions of \$22,988,000. ACIG reported net income of \$6,537,000 for the year ended December 31, 2014 versus budgeted net income of \$3,340,000.



ACIG's Investment Portfolio

Asset Allocation as of December 31, 2014

	Market Value	Percent of Total
Insurance Reserves Portfolio	\$ 205,704,214	52.4%
BlackRock	\$ 172,875,337	
State Deposits	\$ 32,828,877	
Capital Portfolio	\$ 186,592,259	47.6%
Equities		
Dodge & Cox (Global)	\$ 12,455,039	3.2%
Vanguard Primecap	\$ 28,758,299	7.3%
Wellington Global Perspectives	\$ 16,474,692	4.2%
Vanguard – International Growth	\$ 9,117,765	2.3%
Absolute Return		
AIA Absolute Return Fund	\$ 18,062,008	4.6%
Convertibles		
Zazove	\$ 22,696,494	5.8%
Allianz	\$ 15,106,459	3.9%
Fixed Income		
Western – Absolute Return	\$ 16,733,689	4.3%
T. Rowe Price High Yield Fund	\$ 6,124,574	1.6%
PIMCO – Income Fund	\$ 19,805,446	5.0%
Franklin Templeton Global Bonds	\$ 11,377,750	2.9%
Real Assets		
Harvest MLP Income Fund	\$ 9,880,044	2.5%
TOTAL INVESTMENTS	\$ 392,296,473	100.0%
Shareholders' Equity	\$ 149,955,000	

“\$392,296,473

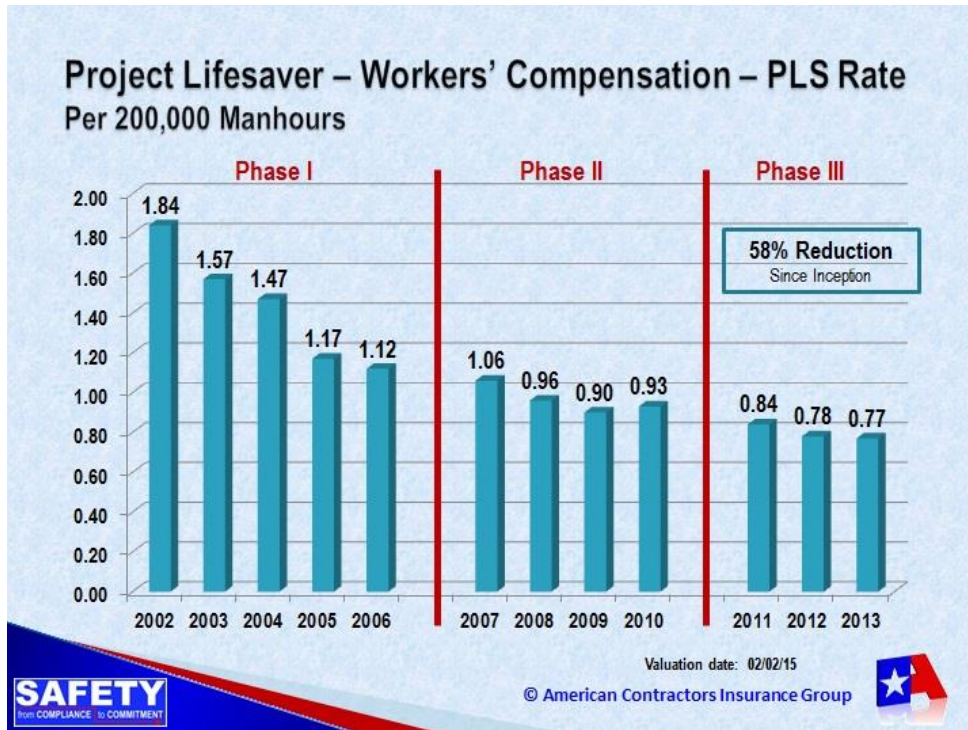
in total investments”

The Insurance Reserves portfolio had a 2.8% return for the year. Our Capital Portfolio returned 7.4%. Total portfolio return was 5.1%.



Project Lifesaver Report

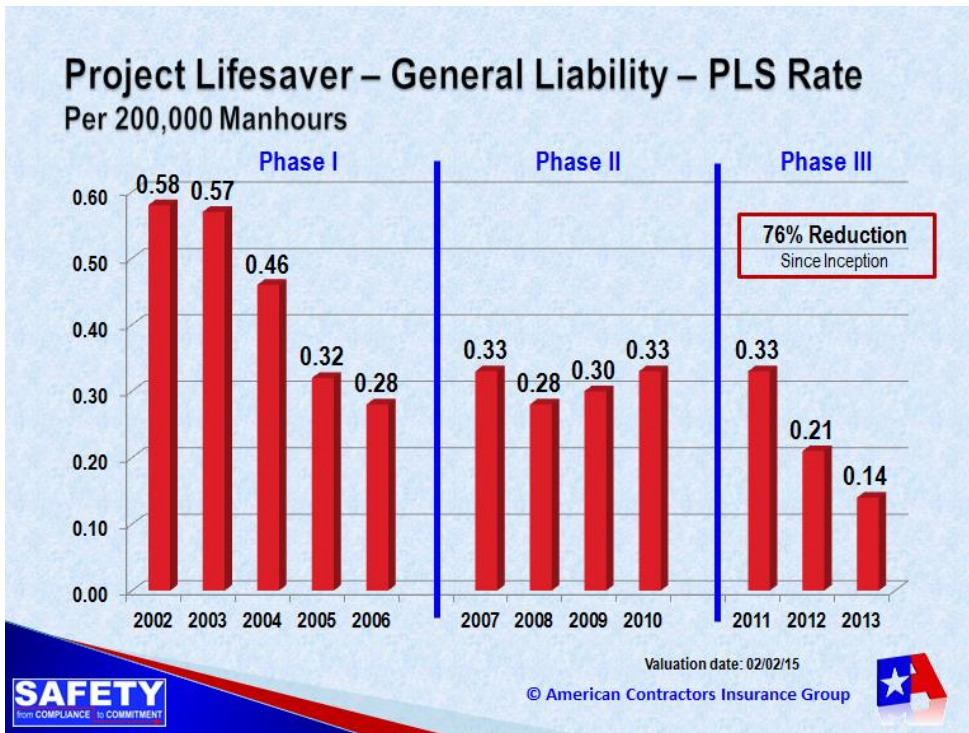
ACIG Members continue to produce positive results in our Project Lifesaver Initiative. Over the last 11 policy years, our Members have reduced their loss rates as follows:



“A 58% reduction in PLS Workers Compensation Rate”

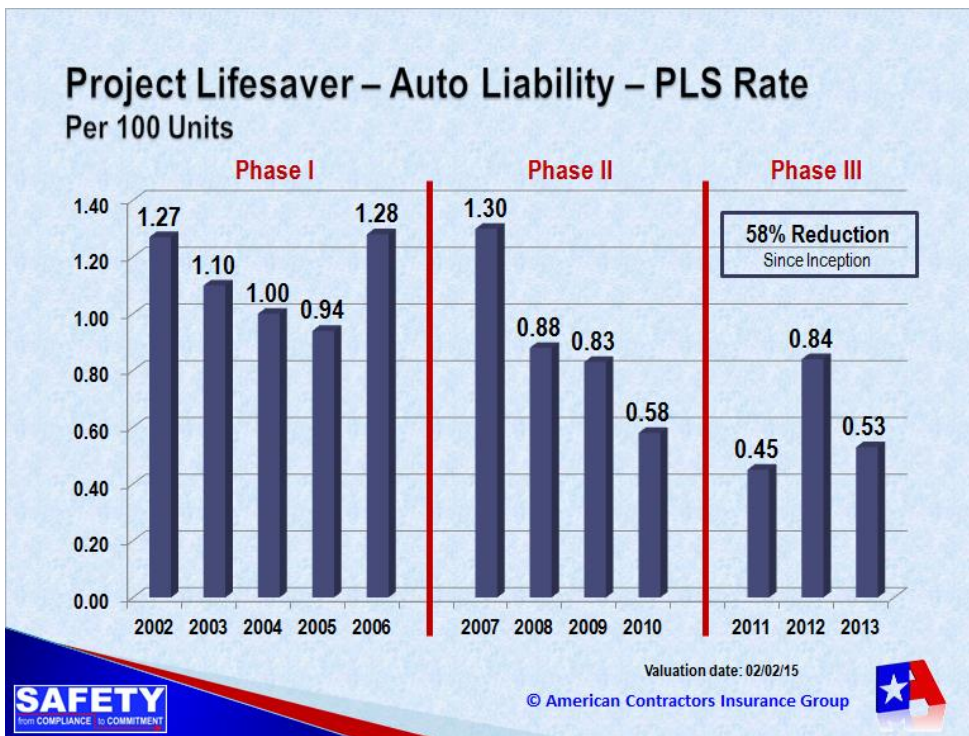
It is interesting to note that all ACIG Members achieved a Workers Compensation PLS rate of 1.62 or lower, signifying an overall improvement for the Members.





“General Liability PLS rate has been reduced by 76%”

Twelve (12) Members tied for first place. They had no PLS reportable losses for 2 years.



“Auto Liability PLS rate has been reduced by 58%”



Cyber Risks – Five Essential Facts

Recently, large international and national companies have reported cyber-attacks on their systems: Sony, Target, Anthem BlueCross BlueShield and many others.

These data breaches are embarrassing, and costly and have a long-lasting effect; from customer impact to insurance claims and lawsuit exposure.

1

Hackers Attack for Any Reason or No Reason

Many organizations fail to manage cyber risk because they believe their data is not worth stealing. You do not need to have lucrative information to be a target; the only prerequisite is having data, e.g., employment records.

2

Internal Users Can Be the Weakest Link

Cyber thieves attack the weakest link, sometimes it's not the computer, but the person using it. Protecting passwords and access is a major mitigation step.

3

Medium Size Businesses Are Not Immune

The public is aware of high-profile breaches, but companies of all sizes are potential targets. It does not take a sophisticated crime syndicate to steal data. It can be as simple as a disgruntled employee sharing access codes or leaking sensitive e-mails. The reputational loss from betraying customers' trust can be ruinous.

4

You Don't Have a Choice

Lawmakers reacted to expanded cyber thefts with regulations requiring companies to better protect data containing personal identifying information (PII). Congress, state legislators and agencies have promulgated guidelines on how to protect PII.

5

Cyber Risk Management is Everything

Cyber risk is not a computer issue only, it must be evaluated from an Enterprise Risk Management perspective. Like anything that threatens an organization's long-term viability, cyber risk must be managed.



American Contractors Risk Purchasing Group (ACRPG) Group Cyber Risk Program

Since 1986, we have used our Risk Purchasing Group to develop and negotiate group insurance programs for our Members (i.e., ACIG Group Professional/Pollution Liability Program).

In conjunction with Greyling Insurance Brokerage, we have developed a Group Cyber Risk Program underwritten by Zurich.

Zurich Security and Privacy Protection Policy Highlights:

- \$10 million per claim limit

- \$25 million group shared aggregate limit

- Provides both first party (contractor) and third party liability coverage

Using our group purchasing power, we were able to secure a very competitive Cyber Risk Proposal. We will provide each Member with a proposal, including the coverages, premiums, terms and conditions.

Nabholz Teamwork Restores a Replica Mastadon Skeleton

Nabholz Construction was restoring a replica Mastadon skeleton for the Mid-America Science Museum in Hot Springs, AR. While working on the renovation project currently underway there, their Millwork team learned that the museum needed someone to restore the mastadon, and their Little Rock team jumped at the opportunity to help!

Nabholz's crew disassembled the mastadon, refreshed each part with new coats of paint, and put it all back together again. Then, they enlisted the help of the Nabholz Industrial Services team to move and re-install the skeleton.

The mastadon is now happily back home and ready to be displayed in its full glory when the museum re-opens the doors of its newly renovated facility this month.



Engineering News Record (ENR) Top 25 Newsmakers



*W.T. "Teddy" Phillips, Jr.
CEO and Vice Chairman
Phillips and Jordan, Incorporated (P&J)*

For half a century, ENR has named the top industry professionals that have made a difference for their industry and the public during the preceding year.

P&J teams have supported recovery from a number of catastrophic events, managing clean-ups after the September 11, 2001 attacks in New York City, Hurricanes Rita and Katrina, BP Deepwater Horizon gulf oil spills and tornadoes throughout the Midwest and Southern states.



To help create a systematic approach to its varied clean-ups, P&J designed and implemented an in-house automated debris-management system for emergency response work. It streamlines project tracking, reporting and reconciliation, using web-based software that is compatible with smartphones. The system, STORM or "Strategic Tracking of Recovery Material", relies on photos, barcode scans and satellite tracking for accurate, real-time progress reports.

Congratulations to Teddy and the P&J team. He joins fellow ACIG Members Mike Crawford, CEO of Sukut Construction, Inc. and Rik Kunnath, Chairman of Charles Pankow Builders, Ltd. who received ENR Top 25 Newsmaker Awards in previous years.

ACIG News and Notables



*Bill
McIntyre*



*James
Shay*

Bill McIntyre, ACIG Chairman, was selected by the National Safety Council as one of its [2015 CEO's Who Get It](#). (Click on the link for the article).

James Shay, ACIG Vice President – Risk Management, developed a unique program in conjunction with IRMI, "Building a Firm Foundation". The program was designed for new construction risk management professionals.



*Mike
O'Neill*



*Tricia
Kagerer*

Mike O'Neill, ACIG President and CEO, is one of the key presenters at International Risk Management Institute's (IRMI) Energy Risk and Insurance Conference, "Captivating Risk".

Tricia Kagerer, ACIG Risk Management Executive, co-wrote an article with Grace Herrera published in the Construction Financial Management Association's (CFMA) publication *Building Profits*, "[Cultural & Workforce Challenges Facing Construction Today](#)". (To access use "ac1g" for the username and password).



ACIG Contractors in the News

Celebrating Company Anniversaries

Hoar Construction, LLC	75 Years
LeChase Construction Services, LLC	70 Years
Kitchell Corporation	65 Years
Nabholz Construction Corporation	65 Years



Ajax Paving Industries of Florida received the 2014 Contractor of the Year Award from the American Public Works Association (APWA).

BMWC Constructors, Inc. received the highest safety honor the National Construction Safety (Gold Award) from the National Maintenance Agreements Policy Committee (NMAPC).



Haskell's Peter Kinsley was elected as President of the Design-Build Institute of America (DBIA). Haskell was one of the original founding members of DBIA.



Three ACIG Members were recognized in ENR's Top 600 Specialty Contractors:

The Hill Group	#65
Murphy Corporation	#90
Danella Companies, Inc.	#96



Two ACIG Members received Construction Users Round Table (CURT) Construction Industry Safety Excellence Awards.

BMWC Constructors, Inc.	> 3,000,000 manhours
SpawGlass	> 500,000 manhours

California High Speed Rail – A consortium of Dragados USA Inc., Flatiron West Inc. and Shimmick Construction Co., Inc. was awarded a \$1.4 billion contract to build the second section of California's High Speed Rail.



National Railroad Construction and Maintenance (NRC) selected winners of its 2014 safety awards:

Herzog Contracting Corp.
Herzog Transit Services, Inc.
Herzog Technologies
Ragnar Benson, a William Charles Company



ACIG 2015 Education and Networking Calendar

Event	Location	Dates
Vail Contractors Forum	Vail, CO	March 26-28
Spring Safety/Claims Workshop	San Antonio, TX	April 7-9
Fall Safety/Claims Workshop	Atlanta, GA	September 22-24
In-House Legal Counsel Forum	Dallas, TX	October 5-6
ACIG Risk Management Workshop	Sea Island, GA	October 29-31
Quality Peer Groups	Various	Various
Safety Peer Groups	Various	Various

Concluding Thoughts

ACIG just conducted its Best Practices meeting in Newport Coast, California. Our Best Practices steering committee, comprised of nine senior executives, three from each industry group, did an outstanding job of planning and executing the meeting. Interestingly, all of the presentations, industry breakouts and special emphasis topics were presented by ACIG Members. This allows for a practical, hands-on approach to solving vexing risk management issues.

ACIG Members are unique in their willingness to share Best Practices with their business partners; they are committed to continuous improvement.

All the best,



President & CEO

