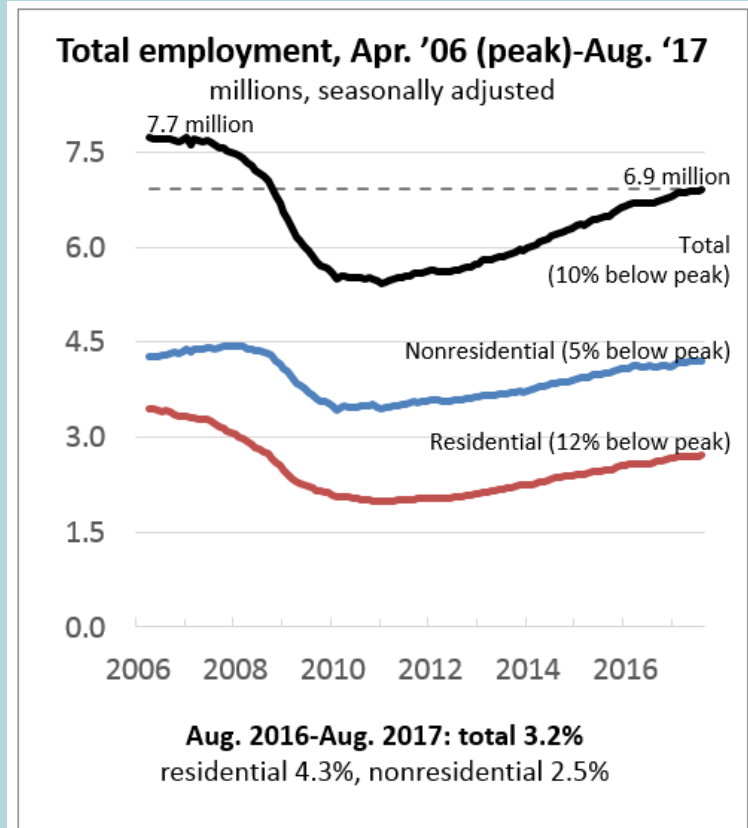


Construction Industry Update



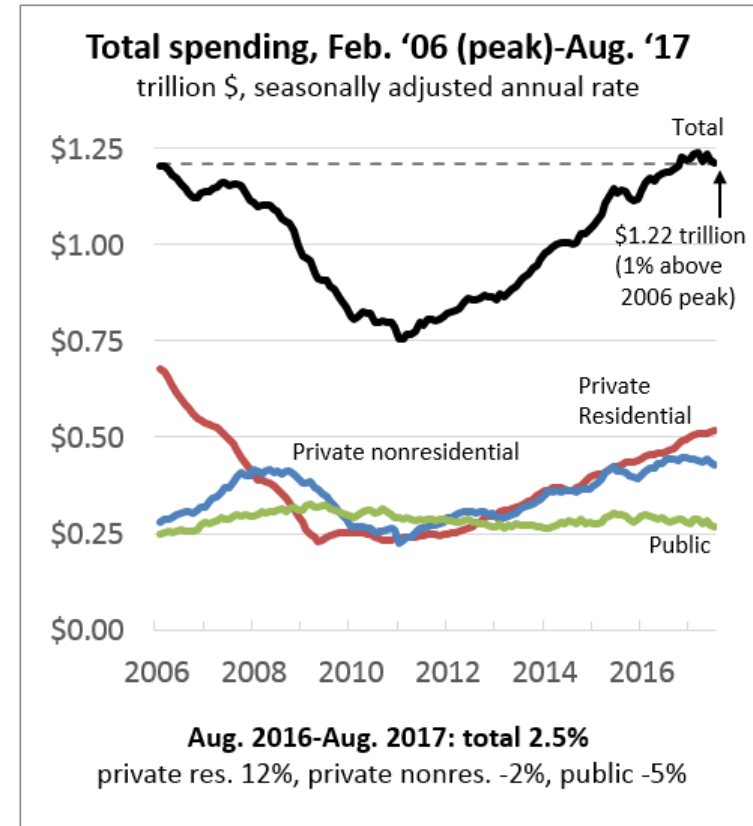
Economic Update

Employment



- September employment up 2.7% from 2016
- Highest level of employment since October 2008
- 184,000 jobs gained from a year ago

Spending



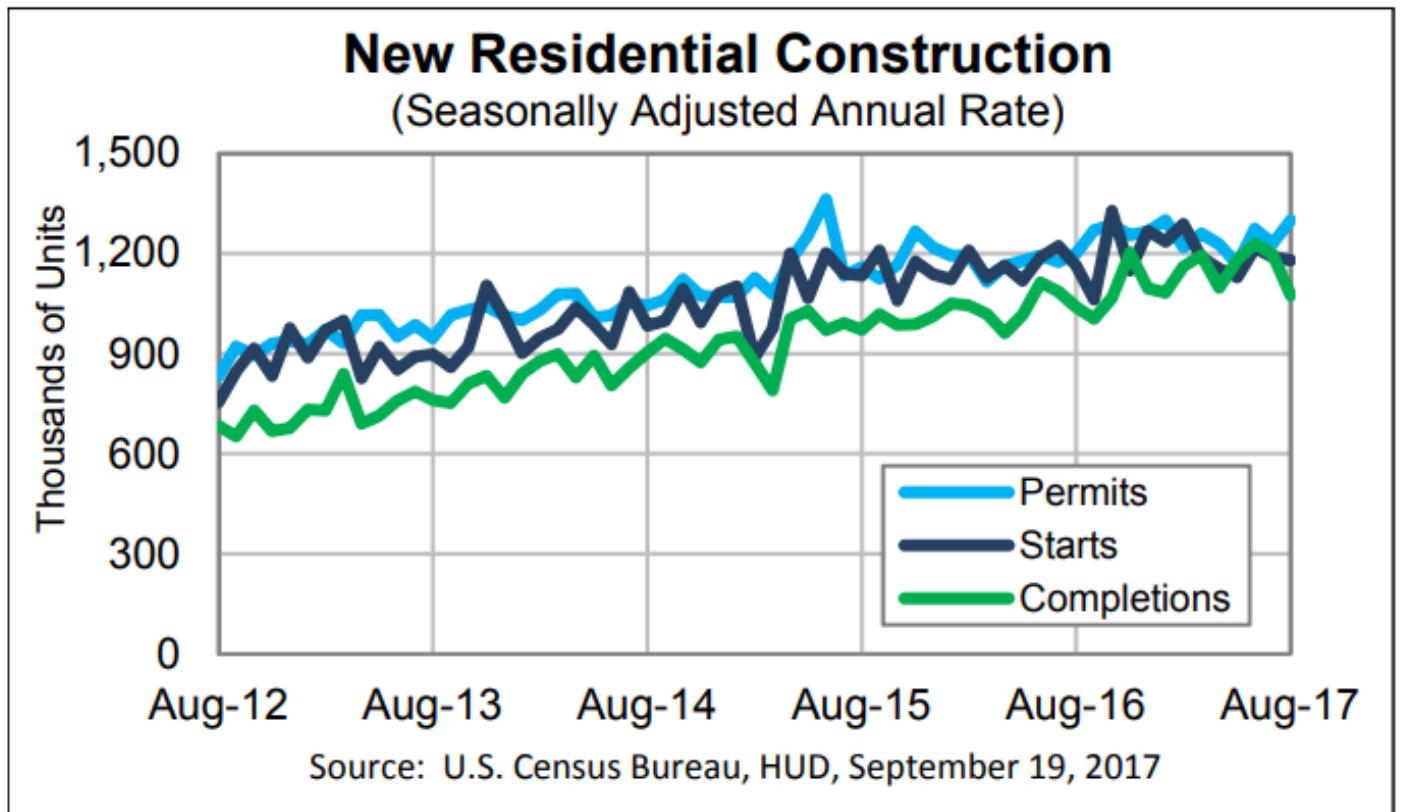
- August \uparrow 0.5% from July
- \$1.218 trillion (seasonally adjusted)
- Up 2.5% from a year ago

Economic Update

Starts & Permits

August 2017 vs. August 2016

- Starts up 8.6%
- Permits up 1.4%
- Completions up 3.4%



Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development, New Residential Construction, September 19, 2017.

OSHA Update

Silica Rule

- Rule reduces the previously acceptable exposure limit
- Enforcement for construction effective September 23 with a 30-day phase-in
- Legal case pending in U.S. Court of Appeals to challenge the rule; arguments heard on September 26

Electronic Records Reporting

- Online submission available
- Deadline for mandatory submission pushed back to December 1, 2017

Federal Update

Tax Reform

- President Trump's proposed tax plan would be the biggest U.S. tax overhaul in three decades
- The plan could potentially cut tax bills for small construction firms

Infrastructure

- In September, President Trump walked back some of his confidence in the feasibility of public/private partnerships to support infrastructure projects

Regulatory

- EEOC – Trump administration proposal to merge the EEOC and Labor Department Contractor Compliance Office has been met with criticism
- NLRB – Earlier this summer, the Trump administration indicated that it would no longer defend the NLRB position that mandatory class action waivers in employment agreements are invalid
- DOL – Labor Department retracted broad standards for determining whether companies are responsible as “joint employers”

Construction Financial Management Association



Acuity Territory Director John English attended the CFMA's Annual Conference and Exhibition in Phoenix, Arizona.

Key Takeaways

- Predictive analytics
 - Construction is least digitized industry, but is changing
- Contractor pay bubble
 - Shortage of craft trades
 - Mid-level employees have seen the largest pay increases
- Contractual risk transfer
 - A high percentage of subs start work before contract is signed
 - CG2010 4/13 version is now the most common version
- Cutting-edge technology
 - Telematics is big in construction, especially for heavy equipment
 - Smart vest technology

Growing Knowledge

ConTech Roadshow



Acuity Construction Specialist John Lack, Product Analyst Brittney Passini, and Commercial Lines Staff Underwriter Crystal Kultgen attended the ConTech Roadshow in Chicago, Illinois.

Key Takeaways

- Technology should be viewed as tools, not toys
- Wearable technology
 - Construction vests with sensors can monitor movement, temperature, and zone
- Mobile technology
 - 360 Cameras
 - Inexpensive options available for 360 cameras
 - Applications available to easily house, time-stamp, and label photos so contractors can easily reference them
 - Applications can also integrate blueprints within the photos, allowing the contractor to see a full picture of intent vs. actual construction
 - Time card management
 - Mobile applications allow the contractor to track and schedule their employees' time.
 - Cuts down on time cards being lost
 - Full integration within contractor accounting software
- Drone technology
 - Applications are available to utilize the photos, measure the building, and calculate the square footage of a building
 - Applications available to overlay building plans into the drone photos, providing clear and accurate representation of how the job site is progressing
 - Outsourcing of drone services
 - Companies will perform detailed aerial inspection of property with downloadable photos

Sharing Knowledge

OSHA Construction 10-Hour Training

Acuity hosted 12 sessions of OSHA 10-hour training, with 226 agent and insured attendees



Sharing Knowledge

Educating at Association Meetings and Events



Acuity Senior Loss Control Representative AJ Gajdosik provided fall protection training at Saint Louis University in conjunction with the National Safety Stand-Down.



Acuity Senior Loss Control Representative Steve Miller presented "Drop It and Drive" at the Association of Subcontractors and Affiliates in Chicago.



National Safety Conference

15,000 attendees over 3 days—a huge success!

Attended by Acuity Territory Director John English, Construction Specialist John Lack, Manufacturing Specialist Mike Schlagenhauer, Senior Loss Control Representative Paul Kysel, and Loss Control Specialist Cathy Bacher