



# ANNUAL RESULTS

—  
2019





## A LETTER FROM OUR CEO

Whether you've been with ALMA for one year or two decades, you already know that the way we approach USL&H is different from other providers. We believe what makes our approach unique is the way we question the status quo to protect your employees and your business. Partnering with us ensures you have an advocate who will challenge traditional methods and processes.

In this year's Annual Results, we're proud to highlight three ALMA members who also approach their businesses differently than most. While all three have unique business models and operations, they have one thing in common: they are unmistakably mission-driven. Whether it be hiring disabled workers, reducing ocean pollution, or preserving a historic craft, their sense of purpose is inspiring.

Their stories are just a few examples of the impact ALMA members have on their local communities and the broader maritime community. We continue to witness many of our members keep driving forward, focusing on their mission even in challenging times.

For instance, our 2019 Safety Award winners set an unprecedentedly high bar for maritime safety. Several ALMA members worked together with AEU LEAD to develop managers and supervisors to their fullest potential.

We saw record-setting attendance at our 2019 educational events, reflecting our members' commitment to growing and learning from each other.

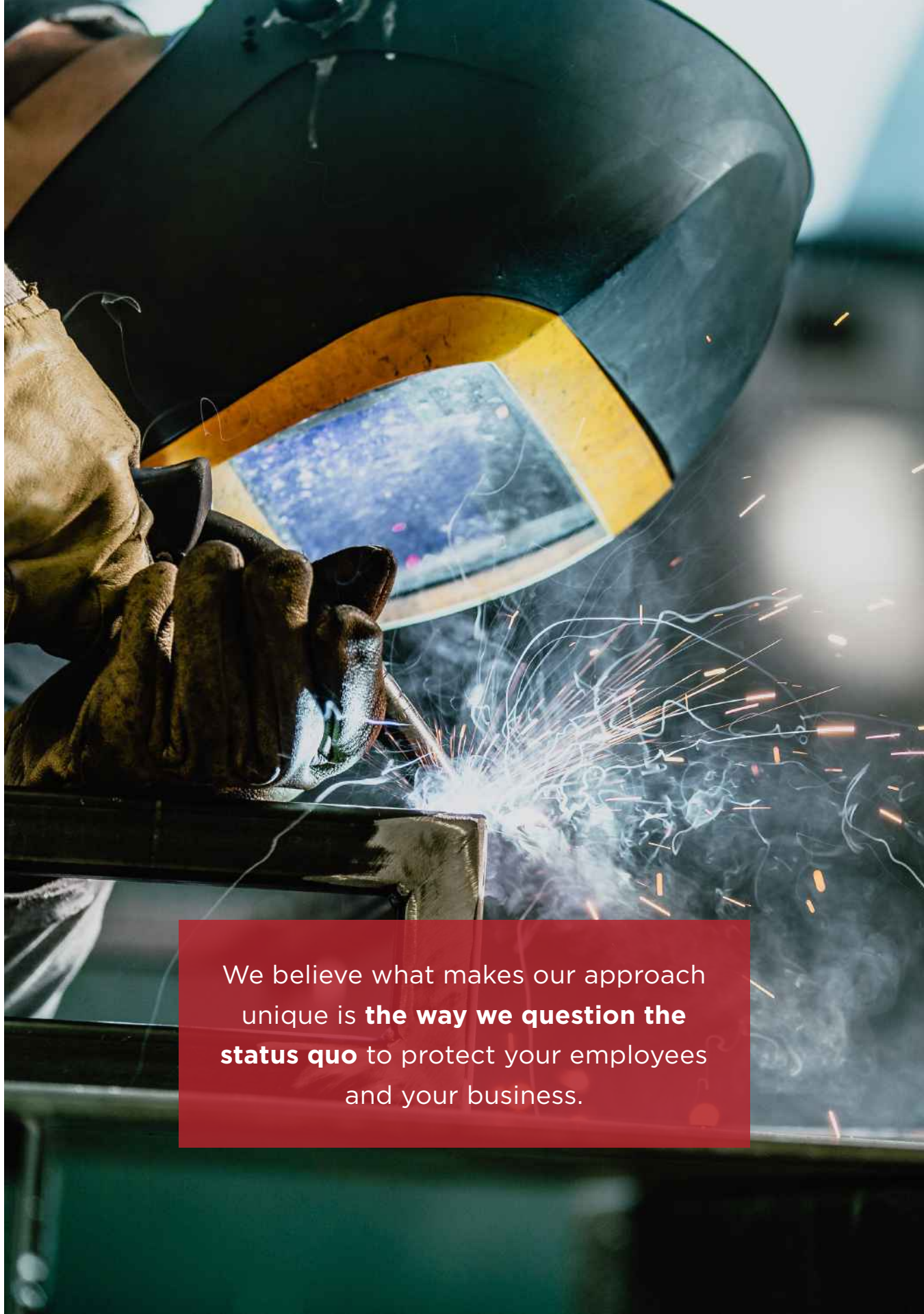
2019 was a year of driving forward at AEU as well. We continue to invest heavily in services that help you control your bottom line. Our award-winning culture continues to attract the industry's top talent, which work on your behalf every day. Our educational content and events are expanding to serve your needs better. We're developing new programs — such as our LOOK situational awareness program — designed to reduce incidents, lower claims cost, and help your business prosper.

The role we have in helping keep workers safe is one we take seriously. It's now more important than ever for workers to stay healthy and productive. Our global economy and local communities are depending on them to keep our industry and country moving forward.

Thank you, as always, for your continued partnership with AEU and ALMA.



Michael L. Lapeyrouse  
President & CEO  
The American Equity Underwriters, Inc.



We believe what makes our approach unique is **the way we question the status quo** to protect your employees and your business.



## ABOUT THE AMERICAN EQUITY UNDERWRITERS, INC.

As program administrator for the American Longshore Mutual Association, Ltd. (ALMA), AEU's primary responsibility is to protect the interests of the ALMA membership. Having grown from a foundation in the maritime industry, we have a profound understanding of the importance of partnering with the right USL&H provider. We believe the right partner controls claims cost and maintains a paramount focus on promoting safety.

Through a forward-thinking and member-centric approach to loss control, underwriting, and claims handling — and value-added services to support those areas — we are able to give members more control over their long-term success.

- Underwriters creatively tailor insurance programs to meet each member's needs, ensuring the rates they are awarded accurately reflect their individual performance.
- Loss control managers partner with members to ensure the success of their safety program and provide resources to empower them to control losses.
- Dedicated claims specialists work closely with members to achieve the best possible outcome, with a focus on resolving claims quickly and cost-effectively.
- Members have the opportunity to benefit from exclusive value-added services, including a performance metrics dashboard, benchmarking tools, and other resources unique to AEU.

AEU is also a program administrator for two state act workers' compensation programs and one MEL (maritime employers' liability) program, with \$11.4 million in combined premium.

## ABOUT THE AMERICAN LONGSHORE MUTUAL ASSOCIATION, LTD.

Since 1997, ALMA has been authorized by the U.S. Department of Labor to provide coverage for the liabilities of its members under the United States Longshore & Harbor Workers' Compensation Act (USL&H). ALMA can also provide employers' liability protection (including incidental maritime employers' liability) to its members.

### YOUR LONGSHORE PARTNER

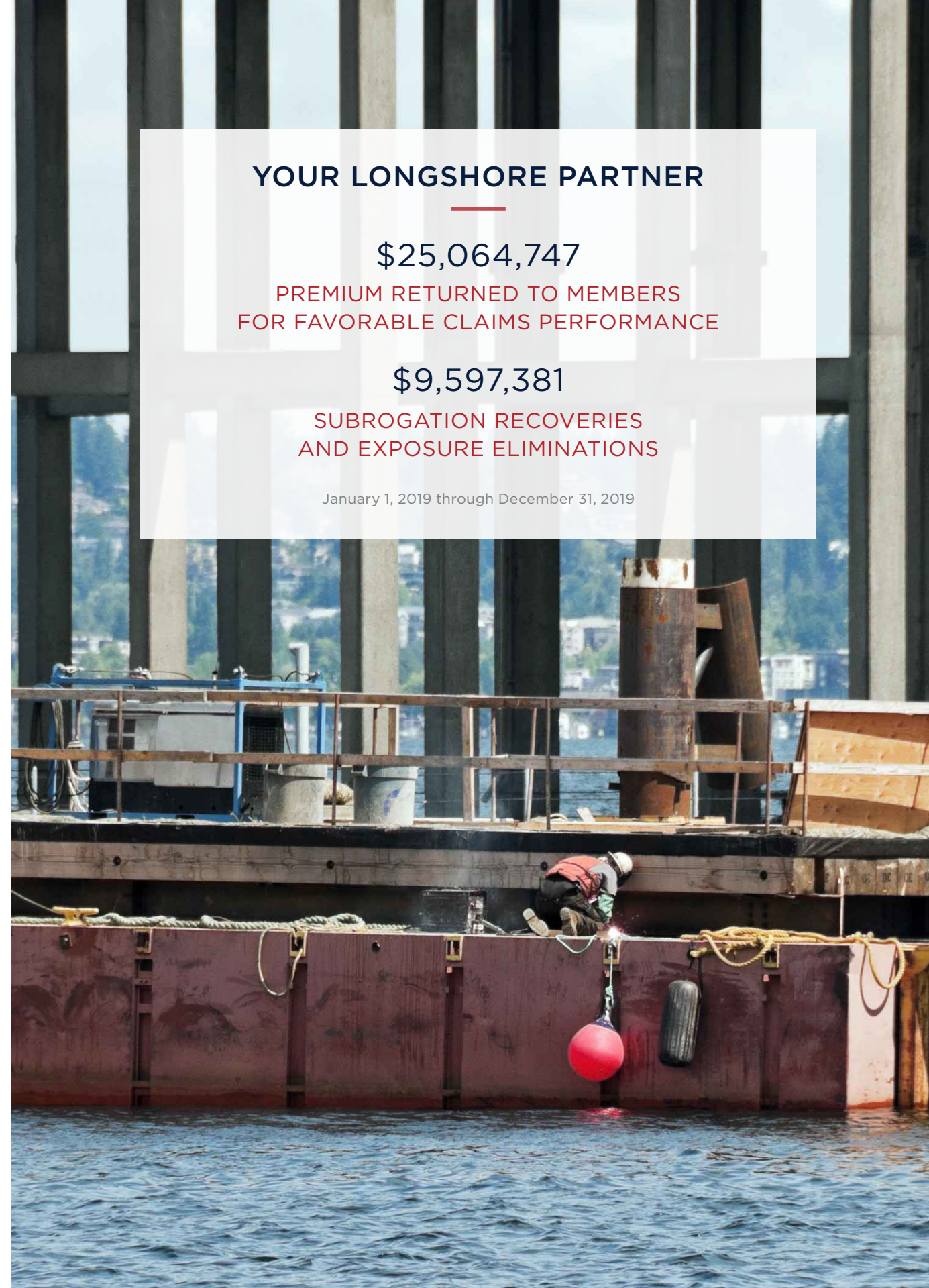
**\$25,064,747**

**PREMIUM RETURNED TO MEMBERS  
FOR FAVORABLE CLAIMS PERFORMANCE**

**\$9,597,381**

**SUBROGATION RECOVERIES  
AND EXPOSURE ELIMINATIONS**

January 1, 2019 through December 31, 2019



# ALMA PREMIUM CONTRIBUTIONS BY CLASS OF BUSINESS

CLASS CODE	CONTRIBUTION	% OF BOOK
Stevedoring	\$33,707,220	20%
Ship Repair or Conversion	\$33,047,492	20%
Shipbuilding	\$27,449,229	17%
General Marine	\$22,777,163	14%
Boatbuilding or Repair	\$17,261,195	10%
Construction/Building/Installation	\$9,401,659	6%
Oil & Gas	\$7,652,830	5%
Machinery or Equipment	\$5,505,567	3%
Freight Handling	\$3,393,463	2%
Painting	\$1,758,899	1%
Welding	\$1,728,746	1%
Steamship Agents	\$1,626,766	1%

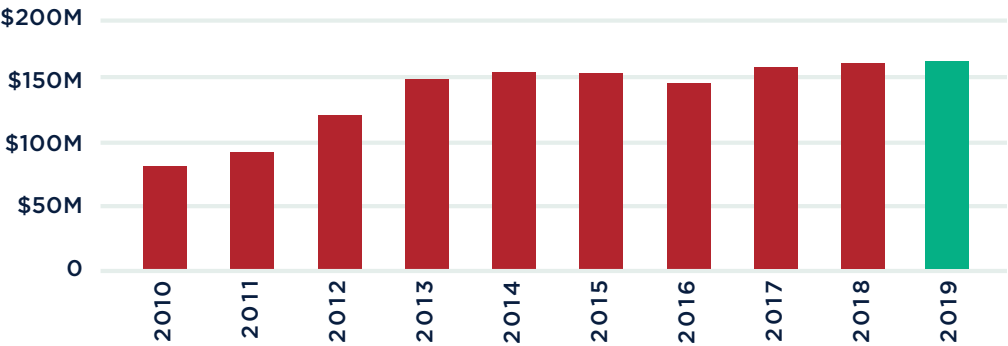
TOTAL CONTRIBUTION

\$165,310,229 ↑ 2.4%

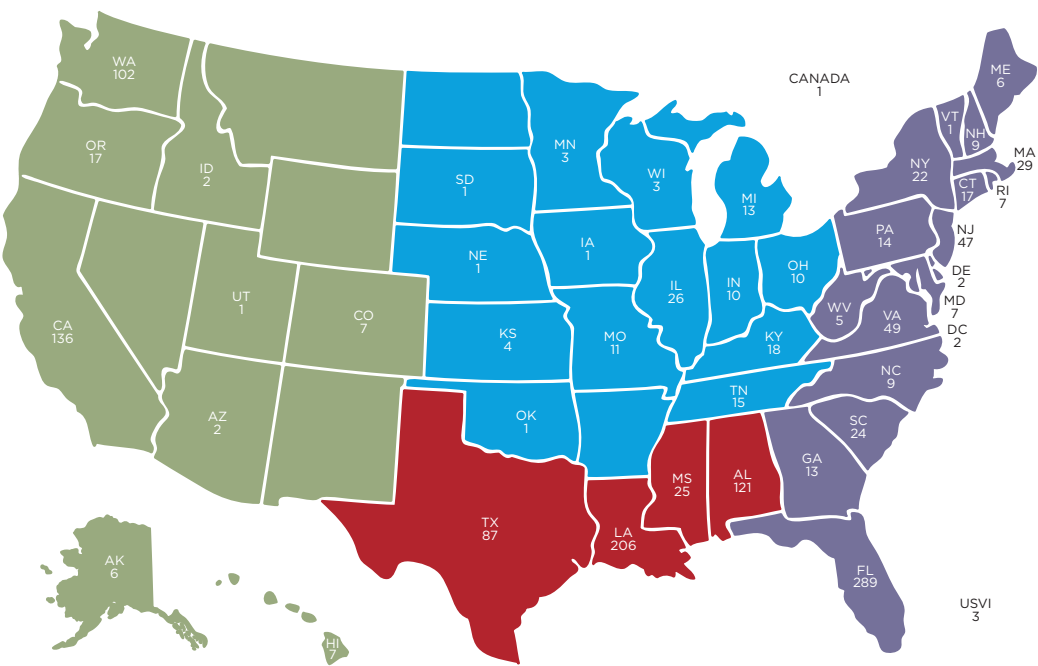
TOTAL PAYROLL

\$2,408,240,627 ↑ 10.6%

## PREMIUM CONTRIBUTION HISTORY



# ALMA MEMBERS BY STATE



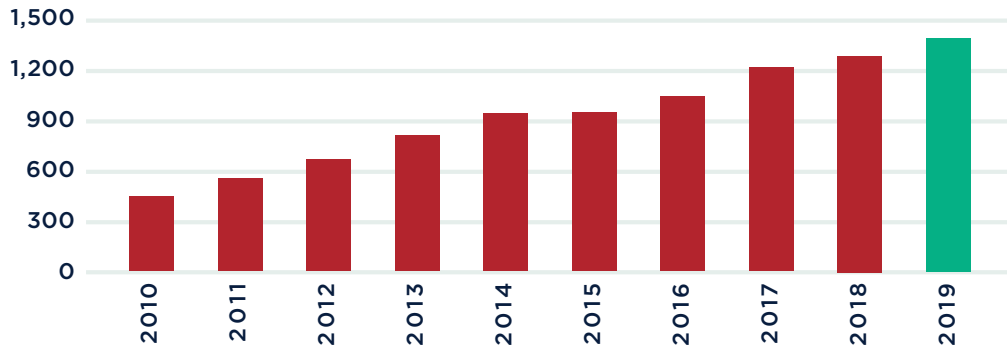
TOTAL MEMBERS

1,392 ↑ 8.3%

MEMBER RETENTION RATE

97% ↑ 0.5%

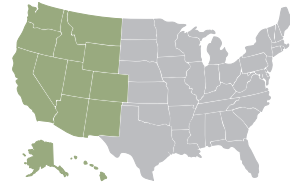
## MEMBER COUNT HISTORY



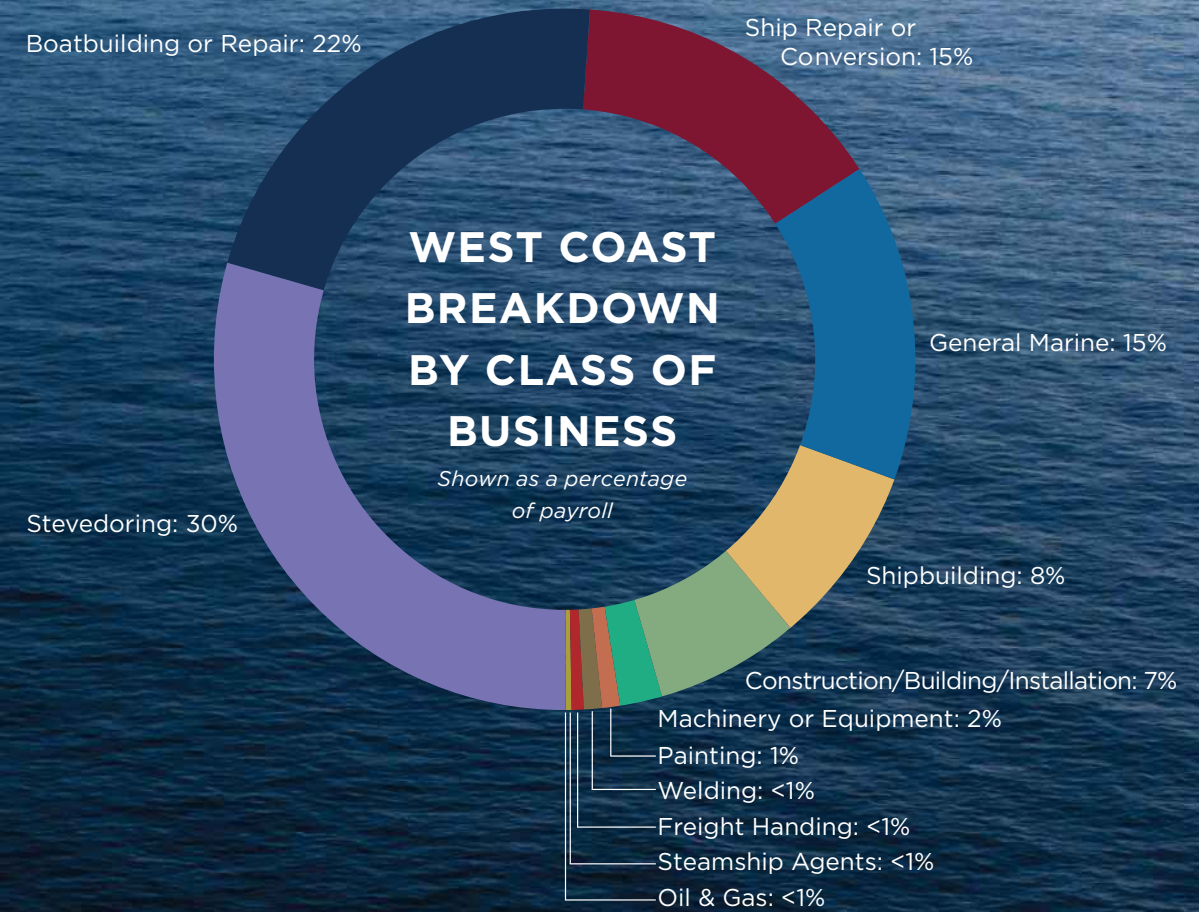
Calculations as of December 31, 2019



## REGIONAL DETAIL WEST COAST



STATE	MEMBERS	PAYROLL
Alaska	6	\$2,995,964
Arizona	2	\$346,418
California	136	\$407,268,072
Colorado	7	\$9,515,118
Hawaii	7	\$18,052,148
Idaho	2	\$1,060,000
Oregon	17	\$25,745,870
Utah	1	\$450,000
Washington	102	\$204,778,997



### BY THE NUMBERS

#### TOTAL PAYROLL

\$670,212,587 ↑ 7.7%

#### TOTAL MEMBERS

280 ↑ 2.9%

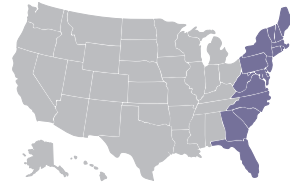
#### TOTAL PREMIUM CONTRIBUTION

\$48,028,170 ↑ 2.0%

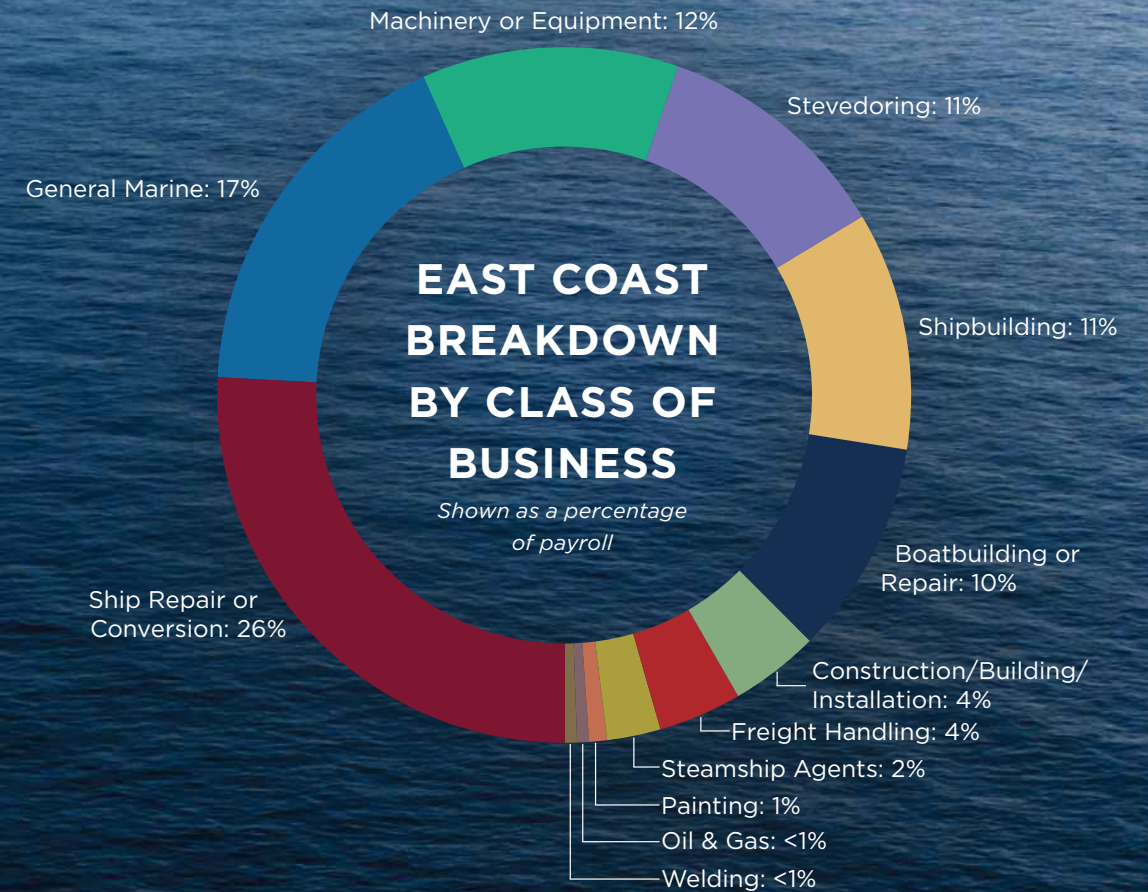
Calculations as of December 31, 2019



## REGIONAL DETAIL EAST COAST



STATE	MEMBERS	PAYROLL
Connecticut	17	\$15,995,493
Delaware	2	\$524,858
District of Columbia	2	\$7,365,273
Florida	289	\$181,989,575
Georgia	13	\$16,279,875
Maine	6	\$9,647,421
Maryland	7	\$19,677,143
Massachusetts	29	\$38,097,927
New Hampshire	9	\$6,731,615
New Jersey	47	\$56,282,214
New York	22	\$12,103,668
North Carolina	9	\$42,685,976
Pennsylvania	14	\$40,483,585
Rhode Island	7	\$2,408,813
South Carolina	24	\$56,031,363
Vermont	1	\$380,000
Virgin Islands	3	\$73,547,366
Virginia	49	\$105,454,154
West Virginia	5	\$5,671,776



### BY THE NUMBERS

#### TOTAL PAYROLL

\$691,358,095 ↑ 21.4%

#### TOTAL MEMBERS

555 ↑ 11.4%

#### TOTAL PREMIUM CONTRIBUTION

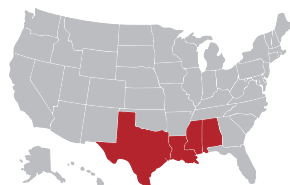
\$46,914,660 ↑ 3.0%

Calculations as of December 31, 2019

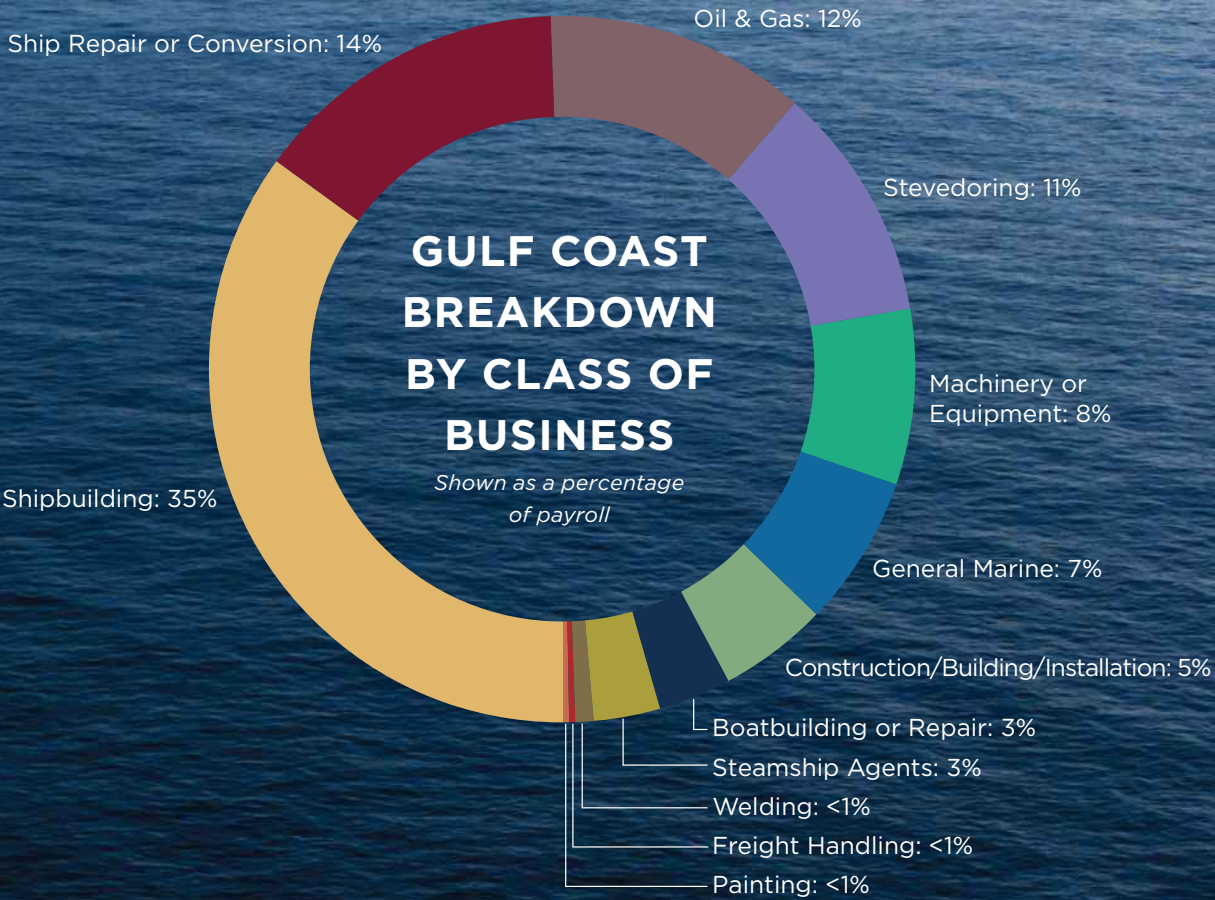


# REGIONAL DETAIL

## GULF COAST



STATE	MEMBERS	PAYROLL
Alabama	121	\$274,584,532
Louisiana	206	\$426,675,254
Mississippi	25	\$53,938,654
Texas	87	\$147,356,173



### BY THE NUMBERS

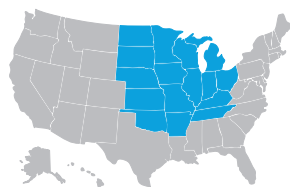
TOTAL PAYROLL  
\$902,554,613 ↑ 5.0%

TOTAL MEMBERS  
439 ↑ 6.6%

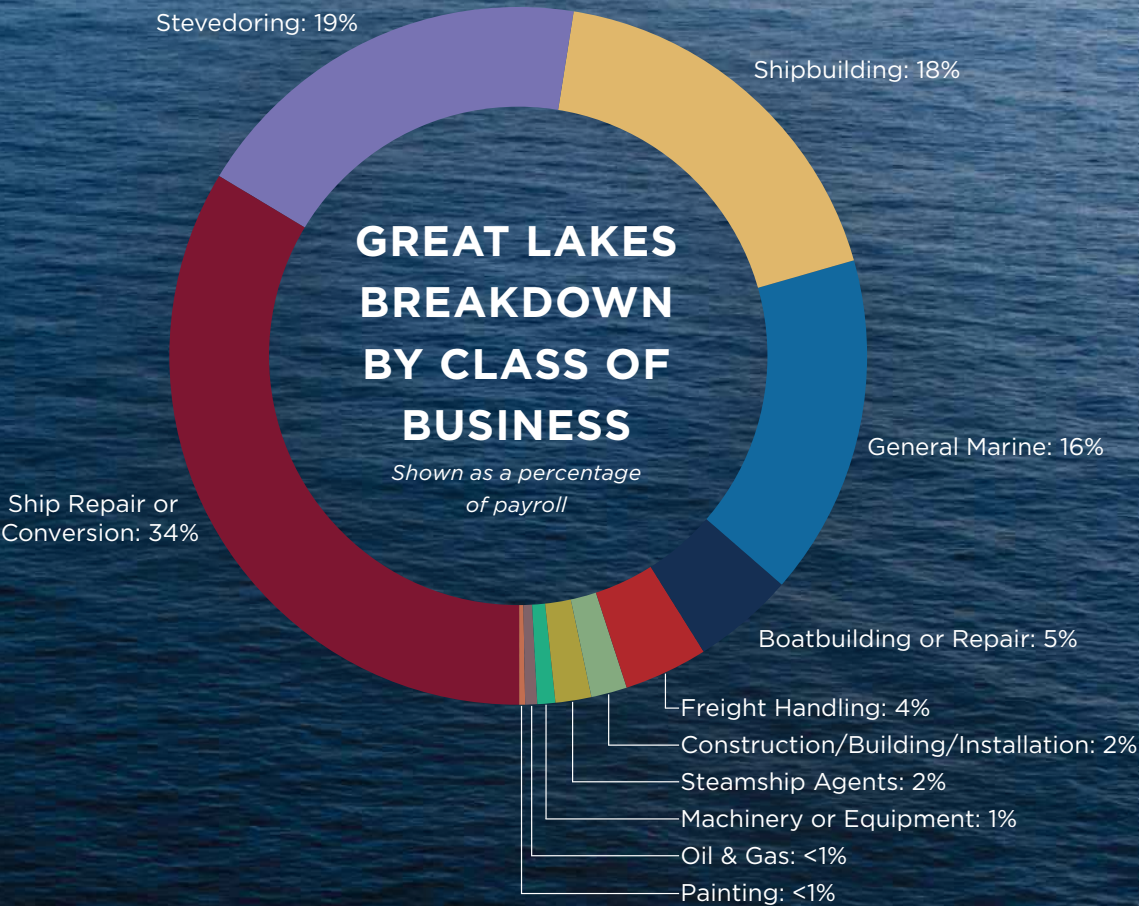
TOTAL PREMIUM CONTRIBUTION  
\$60,177,123 ↑ 2.0%



REGIONAL DETAIL  
GREAT LAKES &  
INLAND WATERWAYS



STATE	MEMBERS	PAYROLL
Canada	1	\$170,000
Illinois	26	\$15,722,016
Indiana	10	\$18,807,509
Iowa	1	\$50,000
Kansas	4	\$22,725,096
Kentucky	18	\$26,740,431
Michigan	13	\$15,592,443
Minnesota	3	\$1,410,092
Missouri	11	\$4,202,916
Nebraska	1	\$1,004,250
Ohio	10	\$17,822,821
Oklahoma	1	\$10
South Dakota	1	\$350,000
Tennessee	15	\$17,671,709
Wisconsin	3	\$1,846,039



BY THE NUMBERS

TOTAL PAYROLL

\$144,115,332 ↑ 14.3%

TOTAL MEMBERS

118 ↑ 14.6%

TOTAL PREMIUM CONTRIBUTION

\$10,190,276 ↑ 4.9%



# MEMBER SPOTLIGHTS





## MEMBER SPOTLIGHT

### PRIDE INDUSTRIES

*Roseville, California-based PRIDE Industries is the largest non-profit employer of people with disabilities in the United States. Their FOSSAC unit, which is part of supply and support for the Navy in San Diego, has been an ALMA member since 2012.*

One evening in 1966, four parents were chatting in the basement of a church nestled in the Sierra Nevada Mountains. The parents faced a common challenge: their teenage children all had some form of disability. Their conversation revolved around how to give their children a purpose in life as they entered adulthood.

That discussion laid the foundation for PRIDE Industries, which would become the United States' largest non-profit employer of people with disabilities, wounded veterans, and anyone with barriers to employment.

PRIDE's mission serves a real need among an underserved population. Today, one-in-five Americans have a disability, and two-thirds of working-age Americans with disabilities are unemployed. People with disabilities represent the single largest and most diverse minority in the country.

Businesses and government agencies contract with PRIDE Industries for a wide range of services, including kitting, fulfillment and distribution, manufacturing services, supply chain management, facility maintenance, custodial and environmental services, and more.

When starting his job at PRIDE 10 years ago, corporate safety director Kevin Melton set out to address significant safety concerns at an operation called FOSSAC. "It was one of the most unsafe sites in the entire PRIDE organization," explained Melton. "They were considering dropping it."

As PRIDE's sole longshore operation, FOSSAC—which stands for Fitting Out and Supply Support Assistance—loads provisions onto ships for the U.S. Navy. The Navy designs vessels for minimal manning, so they don't have the workforce available to break away and load provisions while in port. At three Naval bases in San Diego, California, FOSSAC steps in to help.

Melton's first step was hiring safety manager Aaron Puente, a retired Navy chief with 24 years of service. Puente made it his mission to rebuild the entire safety culture of FOSSAC and its 105 workers, 95 of which have a disability or another barrier to employment.

Ten years later, Puente is still leading safety at FOSSAC, ensuring workers load ships effectively, efficiently, and safely. "We monitor everything, from provisions on the pier to loading the ship through passageways and



*PRIDE's dedication to safety and implementing loss control recommendations at FOSSAC paid off when they were recognized with a 2017 AEU Safety Award.*

down into the storerooms," explained Puente. "Not every load is the same, so we have to determine the route and assess hazards before the work starts and do a safety briefing before anyone comes onboard."

Before loading begins, Puente or one of his safety representatives position workers based on their abilities, disabilities, and the environment. "We have to look at inclines, declines, flat surfaces, and stairways to ensure everyone will be in the right position without injury or incident," said Puente. "For example, some of our workers are legally blind, so we have to think through how to get them on the docks, on the ship, and loading food."

Due to the heavy loads that the workers lift each day, their injuries tend to be ergonomic in nature. Three years ago, AEU loss control manager Brad Whitney encouraged PRIDE to implement a stretching and ergonomic program at FOSSAC.

PRIDE took Whitney's advice and built a program in conjunction with a consulting firm. All crews are now required to stretch before starting work each morning.

"The stretching program was the first of its kind at PRIDE. It reduced injuries immediately and in a sharp decline," said Melton, who took the program to other PRIDE operations due to the success at FOSSAC.

Rebuilding the safety culture at FOSSAC took time ("and a lot of trial and error"), and Puente attributes their success to three things: teamwork, preparation, and addressing issues quickly.

"All new hires receive a thorough orientation to ensure they understand our policies and protocols, which get reinforced every month with our corporate safety training. If there's an infraction or something needs correction, we do it on the spot," explained Puente. His team also uses incident tracking data to help workers understand the importance of working safely.

PRIDE's ability to meet real business needs while furthering a social mission of empowering individuals to lead productive, independent lives is unique in our industry.

"We're not just a site that loads provisions onboard Naval ships," said Puente. "We're a lot more." ★



## MEMBER SPOTLIGHT

### 4OCEAN PUBLIC BENEFIT CORP.

*4ocean is a company with a clear and ambitious mission: to end the ocean plastic crisis. The Boca Raton, Florida-based public benefit corporation has been an ALMA member since 2017.*

You've almost certainly seen one of 4ocean's bracelets, characterized by clear beads strung along a thin braided cord, made of 100% post-consumer recycled plastic and glass, a portion of which is retrieved from oceans, rivers, and coastlines around the world.

Co-founders Andrew Cooper and Alex Schulze are avid ocean enthusiasts who, on a surfing trip to Bali in 2014, were amazed by the amount of trash that was washing up on the beaches. They watched how the polluted water impacted the catches of local fishermen. Efforts to keep the area clear of debris appeared futile.

Cooper and Schulze's passion and energy around solving this issue led to the creation of 4ocean. The company has a straightforward business model revolving around their "One Pound Promise": remove one pound of trash from the ocean for every product sold and use profits to fund cleanup operations, make donations to ocean-related non-profits, and scale the company to further its mission to end the ocean plastic crisis.

4ocean has recovered more than 9 million pounds of trash from oceans, rivers, and coastlines around the

world. Focusing on places where trash accumulation is most prevalent, 4ocean recovers plastic in three ways: vessels, boom systems, and people. 4ocean's crews clean the oceans daily in Bali, Haiti, Guatemala, and South Florida.

4ocean's unique operations are not a "traditional" longshore exposure, and AEU's creative underwriting played a significant role in bringing 4ocean into the ALMA membership.

Safety is a top priority during cleanup operations. "We have three main focuses: delivering on our mission, connecting with and educating our customers, and taking great care of our crews as family," said Anita Norian, chief operating officer of 4ocean. "This means making sure that they return home safely and that we have the appropriate insurance in place to take care of them if something were to happen."

The cleanups are where the "One Pound Promise" comes in: before, during, and after every cleanup operation, there is meticulous attention paid to photographing and documenting the process and outcome.

Once the trash is collected, it is weighed, photographed, and stored in regional

operations centers. Some of the trash collected is either upcycled and used in the manufacturing of 4ocean products or recycled. Material which is too contaminated to be used with today's technology is disposed of in the most sustainable way possible. 4ocean continues to explore new technology which will allow them to upcycle as much trash from the ocean as possible.

One of 4ocean's goals is to collect enough material from the ocean to create an entire product line. "We collect so much plastic and glass out of the ocean," said Norian. "If we can upcycle what we collect into new products, the sale of these products will then fund the collection of more trash, creating a circular economy that is funding itself. That's the goal."

4ocean is a public benefit corporation, which means they have an equal responsibility to their mission as to their shareholders. "It allows us to invest heavily in the impact that we aim to bring forward in many different areas," explained Norian. "It's a structure that allows us to execute our mission effectively."

A considerable part of this mission involves social and environmental responsibility. 4ocean is currently working toward becoming a B Corporation, which is a certification that outlines specific standards of social and environmental performance, accountability, and transparency.

The team at 4ocean isn't only focused on the recovery of plastic. They're also out to change consumption habits to



*4ocean's beach cleanup crews are covered by the Longshore Act. Through our State Act partners, AEU also provides coverage for employees of "pop-up shops" positioned at the cleanup sites.*

break the cycle of marine pollution.

As they educate consumers, students, and their crew, they hope to help people understand the cause of the crisis and empower them to end reliance on single-use plastics.

Today, 4ocean offers an array of sustainably-made products, including tumblers, reusable shopping bags, collapsible straws, and apparel. "We're increasingly focused on products that people typically use once and throw away," said Norian.

"We're not just cleaning up the ocean," she explained. "We're changing behaviors and preventing — or at least reducing — additional plastics from getting into the ocean." ★



## MEMBER SPOTLIGHT

### PORT TOWNSEND SHIPWRIGHTS CO-OP

*The tradition of wooden boat building is kept alive at Port Townsend Shipwrights Co-Op, which builds and restores vessels by blending traditional craftsmanship with modern technology. The company has been an ALMA member since 2004.*

In 1981, a group of shipwrights in Port Townsend, Washington banded together to purchase a ship saw to work on larger projects. They built a shop around the saw, and Port Townsend Shipwrights Co-Op (PTSC) was born.

PTSC now has four buildings totaling 33,600 square feet, with an additional outside workspace of 25,000 square feet. PTSC can build or restore every aspect of vessels ranging from 70 to 300 tons.

PTSC's shipwrights build and restore these vessels by blending traditional craftsmanship with modern technology.

The owners structured the company as a cooperative, commonly known as a co-op. "It's basically a group of people pooling their resources and sharing in the profits of the business," explained Jeff Galey, one of PTSC's owners.

Today, PTSC has 12 owners and 30 employees. Part of the co-op structure is that each job has a PTSC owner assigned to manage it.

"Since each owner has a different skill set, we rely on each other and collaborate," said Chris Sanok, another PTSC owner. "All 12 owners spend time turning

wrenches on boats, which is a big part of our culture here."

"Our clients like knowing that an owner is seeing everything going on and making decisions on the boat while the work is happening," said Galey.

PTSC's unique business model requires an equally unique approach to safety. As part of AEU's Advantage program for small to mid-sized employers, PTSC benefits from loss control services personalized to their needs.

"The visits and resources provided by our loss control manager, Bobby Anderson, have helped fine-tune our safety program," said Sanok. "He always seems personally invested in the success of our business."

PTSC isn't the only wooden boatyard in Port Townsend, a community with a reputation for its knowledge and tradition around the craft of wooden boat building. "Everyone has to be on their game," said Sanok. "People are paying attention to who has a more motivated crew and a deeper level of expertise."

PTSC differentiates itself through a "one-stop-shop" approach, made possible through the co-op model.

"It makes a huge difference to someone trying to pick different contractors to do all the things we can handle in one facility," said Galey. "In one shop, we'll have guys using giant mallets to connect wood, and in another, we'll be installing a big lithium-ion battery bank and electric propulsion. We can do it all here."

While most of their projects involve the restoration of older wooden fishing vessels, they also specialize in new construction, metal fabrication, and fiberglass.

"Most of the older wooden fishing vessels need ongoing work," said Sanok. "Since there aren't many big wooden boats being built anymore, our skillset is becoming more and more unique as traditional boatyards close."

Their strong reputation—and maybe a little bit of fate—recently led to an unexpected project with historical significance.

PTSC's original ship saw, purchased from Western Boat Building Co. in Tacoma, Washington, was used in the 1937 construction of the Western Flyer, a sardine fishing boat made famous by writer John Steinbeck in his book *The Log from the Sea of Cortez*.

Coincidentally, in 2016, The Western Flyer Foundation hired PTSC to restore the storied vessel. The upper decks and house will return to their original 1940s condition. Below deck, in what used to be the fish hold, will be a state-of-the-art marine laboratory.

Once the restoration is complete, the Western Flyer will be an ocean-going



*Historically, the term "shipwright" refers to someone who works on wooden boats, but its usage varies. Shipwrights are either self-taught or educated at schools that teach the craft of wooden boat building.*

vessel again with a 2,000-mile range. The boat's primary purpose will be to take student scientists out to sea for research projects they can't do in a classroom.

When restoring a vessel like the Western Flyer, craftsmanship is everything. "A lot of work is going into making sure that it looks as close as possible to what it looked like in its commercial fishing and John Steinbeck days," said Sanok.

The team at PTSC takes tremendous pride in giving older boats such as the Western Flyer a new lease on life. "To take a boat like this from a state where you would fear another sinking to one that you have absolute confidence in its sound construction," said Sanok. "I think that's the pleasure of shipwrighting." ★



**HIGHLIGHTS  
FROM 2019**





## DEPTH OF EXPERIENCE SETS CLAIMS TEAM APART

*When an employee is hurt on the job, getting them back to work is important. With a collective focus on expedited care for successful recovery, the AEU claims team continues to raise the bar for longshore claims handling.*

ALMA provides employers coverage when employees are injured at work. ALMA members know that when claims occur, they will be handled quickly, professionally, and cost-effectively. But AEU's processes and protocols aren't the only things that make our claims team the best in the business — our people do, too.

"What we do goes beyond opening and closing claims. The depth of our experience makes our claims team incredibly unique," said Will Scheffler, senior vice president and director of claims for AEU, who demonstrates his commitment to the industry with a position on the advisory board of the Annual Longshore Conference.

One example of this industry involvement happened in September 2019, when claims supervisor Earl Burak was elected vice president of the Longshore Claims Association (LCA), a non-profit organization of claims professionals serving the shipping industry and longshore and stevedoring communities.

Burak is the fourth AEU employee to be appointed a leadership position with LCA since 2017, joining co-workers Will Scheffler, Ryan Leveque and Jack

Martone who serve on the LCA board of directors.

Our claims department also grew in 2019 when we welcomed René Snowden to our medical management team. Snowden, a registered nurse with extensive clinical experience in orthopedics and brain and spine injury rehabilitation, works closely with our claims specialists on the medical management component of their claims.

"We know how important it is to our members that **we keep our fingers on the pulse** of longshore claims trends and the industry overall."

WILL SCHEFFLER, SVP, Director of Claims  
The American Equity Underwriters, Inc.

2019 also saw the launch of AEU Claims Advisory Services, led by David Widener, a credentialed mediator and former district director with the U.S. Department of Labor. Widener's nearly two decades of experience in the longshore claims arena gives him the ability to develop effective claims resolution strategies for even the toughest claims ALMA members face. ★

### YEAR-OVER-YEAR REDUCTIONS

# 10.5%

Reduction in total annual prescription spend (industry average: 3.8%<sup>1</sup>)

# 3.4%

Fewer claims with prescription payments

# 7.4%

Reduction in average prescription cost per claim (industry average: 0.7% increase<sup>2</sup>)

# 15.1%

Fewer claims with nurse case management payments

# 4.7%

Reduction in opioid spend as a portion of total prescription spend (industry average: 2.3%<sup>2</sup>)

# 13.3%

Fewer opioid transactions

<sup>1</sup>Source: myMatrixx  
<sup>2</sup>Source: Optum



## AEU NAMED TO LIST OF TOP EMPLOYERS IN ALABAMA

*For more than 20 years, we have worked hard to build a culture that is second to none. While our employees know AEU is a special place to work, in 2019 we were proud to receive broader recognition.*



Spend a few days with members of the AEU team, and you'll see why we often refer to our coworkers as "family". With an average tenure of 8.5 years, AEU's team of 140 employees proudly uphold our reputation in both the maritime and insurance industries as a great place to learn, grow, and build a career.

In August 2019, AEU was named one of the Best Companies to Work for in Alabama in an annual ranking compiled by *Business Alabama* and Best Companies Group. The program identifies, recognizes, and honors the best employers in Alabama. Twenty-two companies received the coveted award, and it was an honor for us to be among them.

In the small-to-medium company category (15 to 249 employees), AEU ranked 5<sup>th</sup> among the 13 companies receiving the award. 56% of AEU's employees work at our headquarters in Mobile, Alabama.

"This award is a testament to the commitment we've made to our employees, community, and industry to be a great place to work," said Michael Lapeyrouse, president and CEO of AEU. "We've intentionally

built a culture where employees feel appreciated and invested in both the success of our business and our clients' businesses, and that translates to a truly rewarding work environment."

A two-part survey process determined the top workplaces in the state. The first part (worth 25%) evaluated each nominated company's workplace policies, practices, philosophy, systems, and demographics. The second part (worth 75%) consisted of an employee survey to measure the employee experience. Best Companies Group managed the overall registration and survey process, analyzed the data, and determined the final rankings using the companies' combined scores. ★

"We strongly believe that employees who enjoy their jobs and work environment will provide outstanding service to our members and brokers. Recognition like this helps us continue to attract the best talent in the industry, which **ultimately strengthens ALMA.**"

ADELE HAPWORTH, Chief Operating Officer  
The American Equity Underwriters, Inc.





## RECORD ATTENDANCE AT EDUCATIONAL EVENTS IN 2019

ALMA members have access to a number of educational resources to help them operate their business and manage workers' compensation costs. This focus on education continues to set AEU apart from other USL&H providers.

Waterfront employers face new challenges every day. In addition to keeping workers safe, they need to train new managers, hire and retain employees, adapt to customers' needs, and address operational issues.

In 2019, we continued our focus on educating ALMA members about techniques to control costs and improve their operations, particularly concerning safety, claims, and leadership.

### Webinars

In 2019, AEU hosted six webinars on front-line supervisor leadership, confined spaces, the impact of accurate wage data on claims cost, marine terminal traffic safety, and workforce development.

### Continuing Education for Marine Brokers

To educate brokers on the nuances of the Longshore Act and other maritime insurance coverages, AEU offers continuing education courses throughout the year. In 2019, we held courses in San Diego, California; Norfolk, Virginia; and St. Louis, Missouri.

"I have attended numerous conferences hosted by other companies in the past. This is the first one where I felt the host was approachable, always available and **made me feel that I was part of the team.**"

RON LAUDER, Safety/Compliance Officer  
McGinnis, Inc.  
ALMA Member Since 2018

### National and Regional Forums

Our Regional Forums allow members to have in-depth discussions alongside industry peers in their area. In 2019, we hosted these events in San Diego, California and Norfolk, Virginia.

Our National Forum, held in New Orleans, was our largest ever with 233 maritime professionals attending. Over two-and-a-half days, attendees had the opportunity to participate in 17 sessions about safety, claims, personnel, operations, and leadership topics. There were also breakout sessions specific to shipyards, marine cargo handling facilities, and claims management. ★

MEMBER RESOURCE  
MATERIALS AVAILABLE

731 ↑ 8.8%

MEMBER RESOURCE  
WEBSITE VISITS

1,369 ↑ 170.6%

LONGSHORE INSIDER  
ARTICLE VIEWS

36,378 ↑ 53.3%

### 2019 EDUCATIONAL EVENT HIGHLIGHTS

# \$1,250

Value of attending the AEU National Forum, free for ALMA members

# 432

ALMA members and brokers attended an AEU educational event

# 219

First-time attendees to an AEU event

# 10.2%

Year-over-year increase in ALMA member and broker attendance

# 93.7%

Increase in attendance since expanding educational events in 2018

# 98%

2019 National Forum attendees indicated they would attend the event again



## DEVELOPING STRONGER LEADERS THROUGH AEU LEAD®

*AEU LEAD, the management consulting division of AEU, helps companies grow the leadership skills of employees and eliminate barriers to change. In 2019, the team launched regional workshops and began exploring online learning opportunities.*

Studies have shown that employee engagement tends to improve when middle managers are equipped with leadership skills to keep morale, retention, and production consistently high. Ultimately these all impact a company's bottom line, but executive management doesn't always see the issue before it's too late.

Over the past several years, AEU LEAD has focused on helping companies see how leadership development of middle managers directly impacts employee engagement.

Through interactive client workshops and strategic consulting engagements, AEU LEAD continues to garner attention from industries such as construction and manufacturing, where front-line leadership development is often lacking.

"These issues are practically universal across the spectrum of labor-intensive industries," said Joe White, director of AEU LEAD. "When workers are promoted because of their technical skills, but there is no development of their leadership abilities or communication skills, companies will almost inevitably experience challenges when implementing changes or gaining buy-in from employees."

"It is always difficult to find a quality training program that **genuinely achieves results**. The AEU LEAD team 'talks the talk' and got engagement from leaders and potential leaders at all levels. This is a demanding environment, but the straightforward material and genuine attitude of the instructors hit a chord."

**MARCIA GANOE**, Production Manager  
St. Johns Ship Building  
ALMA Member since 2010

Continuing their mission to help companies develop their leaders, in 2019, AEU LEAD took their supervisor-focused workshops on the road, conducting them in cities throughout the U.S. The team continues to explore innovative ways to bring the LEAD learning experience to as many companies as possible.

"Many of our clients find it difficult to pull their supervisors off the front line to attend a multi-day workshop, and we want to make it easier," explained White. "We are currently developing a virtual learning platform, with both live and on-demand classes, that will help address this challenge soon." ★

### ALMA MEMBERS & BROKERS ENGAGED WITH AEU LEAD IN 2019

Cooper Consolidated, LLC

Durham & Bates Insurance

Gulfstar Industries, LLC

Mare Island Drydock, LLC

Marisco, Ltd.

McCabe Hamilton & Renny Co.

MORRISON

Norton Lilly International, Inc.

Nugent Sand Company

Shaver Transportation Co.

St. Johns Ship Building, Inc.

Team Services, LLC

Walashek Industrial & Marine

Studies consistently show **less than 40% of front-line supervisors** receive any sort of training for their role in leadership. The unintentional consequences impact business performance in many areas, including employee retention.



## SITUATIONAL AWARENESS IS KEY TO PREVENTING INCIDENTS

*When AEU's loss control team observed a trend in avoidable incidents, they developed a program to improve the situational awareness of workers. Launched in late 2019, members utilizing the program are already seeing the benefits.*

To stay safe in maritime environments, workers must be constantly alert to their surroundings. This state of mind is known as “situational awareness” — the understanding of what is going on around you and determining if any threats to your health or safety exist.

After analyzing incident trend data, three of AEU's loss control managers — Bobby Anderson, Christian Murillo, and Ray Ruiz — realized that if workers utilized basic situational awareness principles, it would prevent the majority of incidents at ALMA member facilities.

Together, they developed a series of training materials that ALMA members could implement in their facilities to train workers on how to be situationally aware.

Focusing on four core principles of situational awareness — listen, observe, orient, and know — the “LOOK” program helps workers understand their immediate environment and enables them to make decisions that keep them safe.

“A workers' situational awareness can change for any number of reasons,” said Jimmy Burgin, senior vice

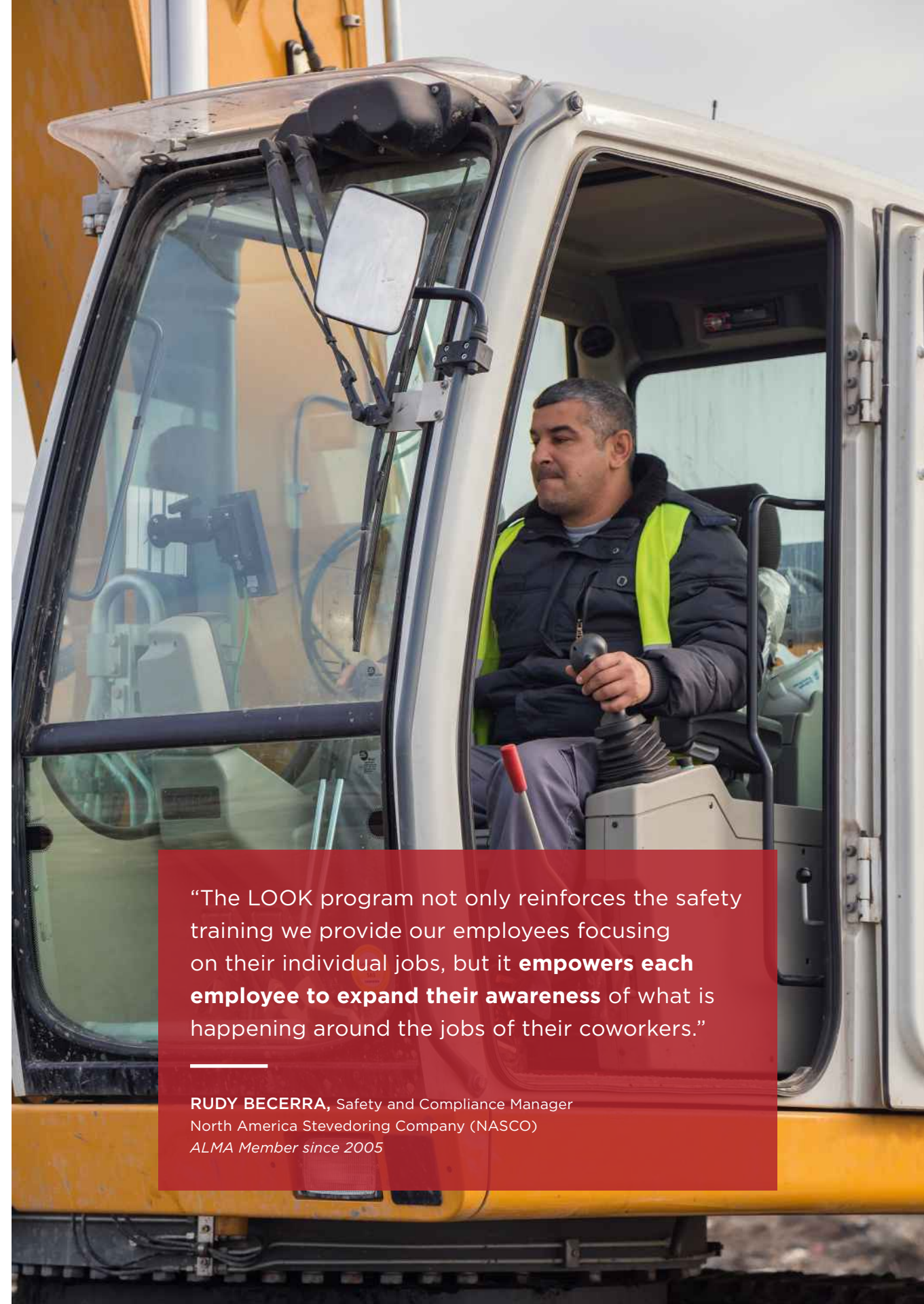


president and director of loss control for AEU. “Stress or other distractions can be a factor. Workers who are more comfortable with their surroundings are also more likely to overlook hazards.”

When an ALMA member decides to incorporate LOOK into their safety program, their AEU loss control manager provides them with a toolkit containing everything needed to implement the program and conduct training with employees.

The entire program is designed for easy comprehension and may take place in a series of field safety meetings, a classroom setting, or a new employee orientation.

“Talking with our members about LOOK helps them realize that enhancing situational awareness will help them improve the safety of their facilities, increase productivity, and reduce or even eliminate losses,” said Burgin. ★



“The LOOK program not only reinforces the safety training we provide our employees focusing on their individual jobs, but it **empowers each employee to expand their awareness** of what is happening around the jobs of their coworkers.”

**RUDY BECERRA**, Safety and Compliance Manager  
North America Stevedoring Company (NASCO)  
ALMA Member since 2005



# SETTING THE STANDARD FOR MARITIME SAFETY

*Companies that commit to strong safety cultures naturally have fewer incidents, fewer claims, and lower costs. Through our Safety Award program, we're able to recognize those companies that make safety their top priority — and it shows.*

## About the AEU Safety Award Program

Since 2007, AEU has annually recognized the ALMA members with the most effective safety programs in the maritime industry. The awards are based on calendar year and are announced in the second quarter of the following year.

While there are many safety award programs managed by various industry or trade associations in maritime and other industries nationwide, the criteria used in the AEU Safety Award program is especially effective for measuring not only accident prevention performance, but also specific management-based controls. ★

**"We believe a strong commitment to safety should be a core value of every employer in the maritime industry. This program is one way that we recognize those who make safety a priority in their facilities. They deserve to be recognized among their peers as the best in the industry."**

**MICHAEL LAPEYROUSE**, President and CEO  
The American Equity Underwriters, Inc.

## FACTORS USED TO DETERMINE WINNERS

### Frequency of lost time cases

A ratio of the number of lost-time cases compared to the member's payroll for the calendar year.

### Severity of lost time cases

A ratio of the total incurred losses from lost-time cases compared to the member's payroll for the calendar year.

### AEU Safety Benchmark® for the calendar year\*

After each AEU loss control inspection, our staff provides the member with metrics related to their management commitment, supervisor participation in the safety program, effectiveness of the safety staff and compliance with previous AEU loss control recommendations. These metrics combine to make up the member's overall AEU Safety Benchmark.

*\*Not applicable to winners from the Advantage by AEU program.*



Working on the waterfront requires a commitment to safety. As a leading USL&H provider, we take that commitment seriously. That's why each year we recognize our members with the strongest safety cultures in the business.

## 2019 WINNERS

Austal USA	Lakes Pilots Association, Inc.
Ballard Marine Construction	Limetree Bay Terminals, LLC
Bella Contractors, LLC	Manson Construction Co.
Brewer Crane & Rigging	MORRISON
Burner Fire Control, Inc.	Nielsen Beaumont Marine
Cooper Consolidated, LLC	Norton Lilly International, Inc.
Core Industries, Inc.	Offshore Inland Marine & Oilfield Services
DHD Offshore Services, LLC	Patriot Port Holdings LLC
Donjon Shipbuilding and Repair, LLC	Premier Scaffold, Inc.
Enterprise Offshore Drilling	Randive, Inc.
Gulf Craft, LLC	Rybovich Boat Company, LLC
Gulfstar Industries, LLC	Saildrone, Inc.
Halter Marine	Team Services, LLC
Integrity Staffing Services	West Gulf Marine
Keppel AmFELS	



# FINANCIAL HIGHLIGHTS

## Extracted from the Audited Financial Statements

**For the year ended December 31**  
(expressed in United States Dollars)

	2019	2018	2017	2016	2015
<b>TOTAL CONTRIBUTIONS</b>					
Premiums Earned	148,653,330	140,090,108	125,183,496	131,575,048	148,935,142
DOL Assessment	10,555,094	10,378,256	9,212,133	9,493,561	10,792,949
<b>Total Earned</b>	<b>159,208,424</b>	<b>150,468,364</b>	<b>134,395,629</b>	<b>141,068,609</b>	<b>159,728,091</b>
<b>BALANCE SHEET</b>					
Insurance Contract Provisions Recoverable From Reinsurers	2,286,555	4,981,906	5,294,296	4,457,452	4,668,291
Investments	313,360,004	270,426,445	260,528,602	251,489,694	231,961,685
Other Assets	49,106,272	53,919,911	52,913,905	57,303,635	61,656,415
Funds Withheld in Trust	3,981,387	6,084,876	4,259,324	4,621,656	10,654,794
Cash and Cash Equivalents	8,413,310	8,399,570	4,831,223	8,172,008	7,559,221
<b>Total Assets</b>	<b>377,147,528</b>	<b>343,812,708</b>	<b>327,827,350</b>	<b>326,044,445</b>	<b>316,500,406</b>
Other Liabilities	172,392,217	145,617,875	151,272,446	140,553,621	144,991,691
Insurance Contract Provisions	178,267,123	177,988,378	161,050,092	169,680,899	155,081,070
<b>Total Liabilities</b>	<b>350,659,340</b>	<b>323,606,253</b>	<b>312,322,538</b>	<b>310,234,520</b>	<b>300,072,761</b>
Members' Equity	26,488,188	20,206,455	15,504,812	15,809,925	16,427,645
<b>Total Liabilities and Members' Equity</b>	<b>377,147,528</b>	<b>343,812,708</b>	<b>327,827,350</b>	<b>326,044,445</b>	<b>316,500,406</b>

## ALMA Investment Allocation

**For the year ended December 31**  
(expressed in United States Dollars)

	2019	2018	2017	2016	2015
<b>STANDARD &amp; POOR'S RATING</b>					
AAA to A-	278,930,201	243,410,140	235,182,700	238,871,857	224,803,614
BBB+ to BB-	38,405,151	33,092,855	29,605,226	17,239,493	17,812,865
B+ to CCC	6,039	8,326	-	-	-
R, (U,S) 3	-	-	-	-	-
	<b>317,341,391</b>	<b>276,511,321</b>	<b>264,787,926</b>	<b>256,111,350</b>	<b>242,616,479</b>



## ALMA MEMBER ADVISORY COUNCIL

*Since 2014, the ALMA Member Advisory Council has served as a voice for the entire ALMA membership, helping AEU align products and services with member needs.*



### 2019 COUNCIL MEMBERS

**STEVE ABERNATHY**

President  
Pacific Stevedoring/Gulf Stevedoring

**MICHAEL BRACKIN**

Controller  
North America Stevedoring Company, LLC

**NICHOLE DEGIDIO**

Vice President, Human Resources  
Global, A 1st Flagship Company

**DERON EUNICE**

Safety Manager, Designated Person Ashore  
Sause Bros., Inc.

**JIM FLETCHER**

Chief Executive Officer  
Team Services, LLC

**STEVE GANOE**

President  
St. Johns Ship Building, Inc.

**CHUCK MINTON**

Senior Vice President  
JAG Industrial and Marine Services

**LEE NELSON**

President  
Upper River Services, LLC

**HARRY NICHOLSEN**

Chief Financial Officer  
Mare Island Dry Dock, LLC

**CRAIG RICHEY**

General Counsel  
Watco Companies, LLC

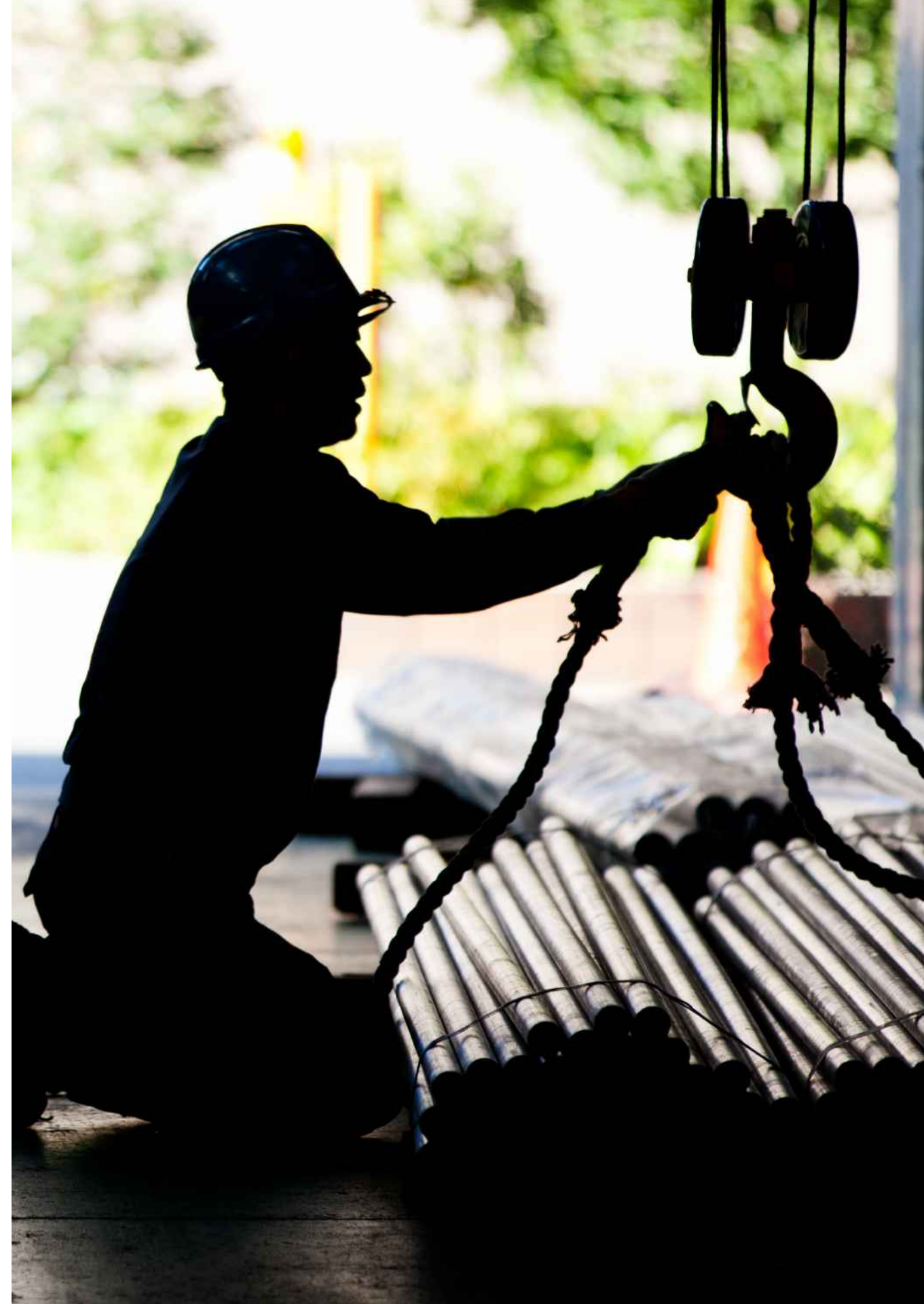
**TIM SARGENT**

Chief Financial Officer  
Rybovich Boat Company, LLC

**JILL SAVARD**

President and Chief Executive Officer  
Savard Labor and Marine Services, Inc.

New Council members are inducted at each year's annual Council meeting.  
This is a list of ALMA member representatives who served on the Council during the 2019 calendar year.





## ALMA BOARD OF DIRECTORS

---

**MICHAEL A. ADAMS, JR.**

The American Equity Underwriters, Inc.

**DAVID L. BROCK**

Cooper/T. Smith Corporation

**JAMES D. BURGIN**

The American Equity Underwriters, Inc.

**DANIEL T. CONRAD**

Conrad Industries, Inc.

**DAVID J. DOYLE, JP**

Conyers, Dill & Pearman, Bermuda (Retired)

**ELIZABETH A.C. DURRANT**

BF&M Insurance Group (Retired)

**L. DUNCAN GREENWOOD**

The Hiller Companies

**MATTHEW B. GUARD**

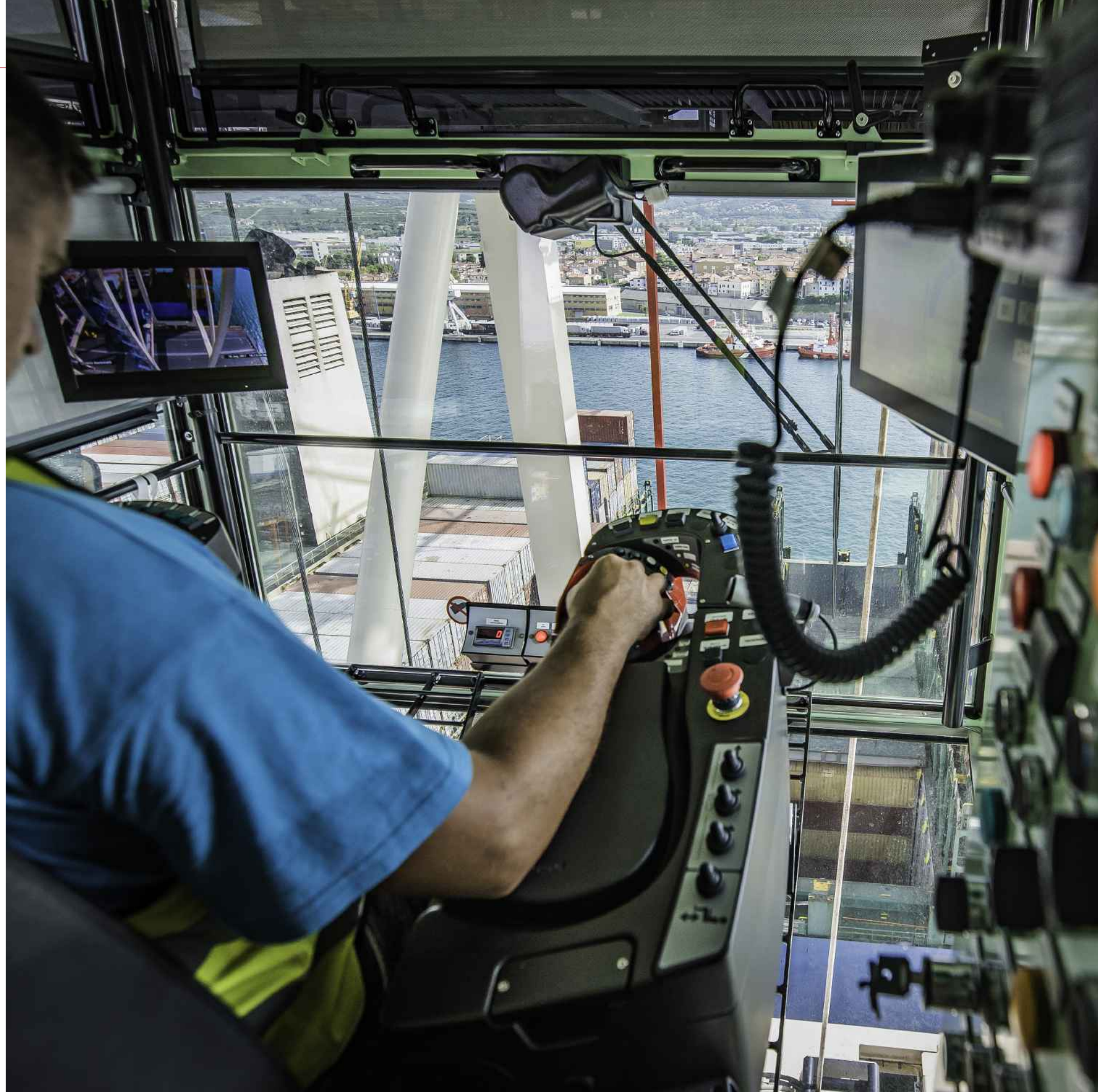
McCabe, Hamilton & Renny Co., Ltd.

**MICHAEL L. LAPEYROUSE**

The American Equity Underwriters, Inc.

**JOHN A. MARTONE, JR.**

The American Equity Underwriters, Inc.







## OFFICE LOCATIONS

### CORPORATE OFFICE

RSA Battle House Tower  
11 North Water Street, 32<sup>nd</sup> Floor  
Mobile, AL 36602

3850 N. Causeway Boulevard, Suite 1600  
Metairie, LA 70002

1500 Market Street, Suite 2401, West Tower  
Philadelphia, PA 19102

600 University Street, Suite 2205  
Seattle, WA 98101

1025 Connecticut Avenue NW, 10<sup>th</sup> Floor  
Washington, DC 20036

## PROGRAM PARTNERS

### STATE ACT

AEU provides State Act workers' compensation through two national carriers - Great American Insurance Group and PMA Companies - as a complement to USL&H coverage placed with ALMA.

### MARITIME EMPLOYERS' LIABILITY (MEL)

AEU has a binding authority with Lloyd's of London Syndicate 1686 (managed by AXIS Managing Agency Limited)<sup>1</sup> to provide MEL coverage to ALMA members.

<sup>1</sup> Great American Insurance Group became AEU's MEL program partner effective July 1, 2020.



## PROGRAM AFFILIATES

### PROGRAM MANAGER

The American Equity Underwriters Management, Ltd.  
Clarendon House, 2 Church Street  
Hamilton, HM CX, Bermuda

### PRINCIPAL REPRESENTATIVE

Artex Risk Solutions (Bermuda) Limited  
Wessex House, 3<sup>rd</sup> Floor, 45 Reid Street  
Hamilton, HM 12, Bermuda

### REGISTERED OFFICE

Conyers Corporate Services (Bermuda) Limited  
Clarendon House, 2 Church Street  
Hamilton, HM CX, Bermuda

### AUDITOR

KPMG  
Crown House, 4 Par-la-ville Road  
Hamilton, HM 08, Bermuda

### LOSS RESERVE SPECIALIST AND APPROVED ACTUARY

Casualty Actuarial Consultants, Inc.  
7000 Executive Center Drive, Suite 312  
Brentwood, TN 37027

### TRUSTEE

U.S. Bank NA  
800 Nicollet Mall  
Minneapolis, MN 55402

### INVESTMENT MANAGER

Sage Advisory Services, Ltd., Co.  
5900 Southwest Parkway  
Building 1, Suite 100  
Austin, TX 78735

### INVESTMENT CONSULTANT

Raymond James  
21 West I-65 Service Road North  
Mobile, AL 36608





A dark, industrial scene. In the foreground, a thick, rusty metal chain lies on a dark, textured surface. The chain is composed of large, interlocking links, some of which are heavily rusted with a bright orange-brown patina. In the background, several large, dark, rectangular metal blocks are stacked or leaning against each other, creating a sense of depth and scale. The lighting is low and dramatic, highlighting the textures of the metal and the chain. The overall mood is gritty and industrial.

Here, members benefit.