



WE MAKE WORKERS' COMP WORK



MESSAGE FROM **STU THOMPSON**



IN 2017 WE THANKED STU FOR HIS 15 YEARS OF COMMITMENT, DEDICATION AND LEADERSHIP WHICH HAS HELPED US BECOME MINNESOTA'S #1 SELF-INSURED CONSTRUCTION WORK COMP FUND.



The Builders Group was awarded the 2017 MIIABA Company Award of Excellence

Dear Members, Agents and Friends,

Thank you for making this past year one of the safest and most successful in the 21 year history of The Builders Group. I couldn't be more proud of the work we have done. **Last year TBG reported over 1 billion dollars in insured payroll for a third consecutive year.** In 2017 we added 10 million dollars in insured payroll and reduced premiums by \$2,243,147. This reduction in premiums was a result of having 197 fewer accidents reported in 2017 — a testament to the great work of our safety services team, claims department, our independent agents, members and their workers. Together we made workers' comp work, and the health and security of our fund has never been stronger — proof of which was provided by our most recent dividend announcement.

For the 2nd time in as many years, TBG will be distributing a dividend to our members. It fills us with great pride to be in the financial position to pay a dividend for the second year in a row.

In short, 2017 was a great year and the above accomplishments alone would have been enough to call it a resounding success, but... there's so much more to report. At TBG we're always continuing to improve work comp offerings through the relentless improvement of everything we do and this year we started laying the groundwork for the future of our fund.

- We added Multi-State Coverage to our plan, giving Minnesota-based construction companies with workers in other states access to quality workers' comp insurance through TBG.
- This year we took safety the extra mile and hit the road bringing our all-new Safety Trailer straight to the job site. Now our members have access to the most advanced and up-to-date safety services, no matter where they work.
- We rolled out the NurseCare Hotline with a whole new, refocused look — providing workers instant access to world-class telephone first aid from specially trained medical professionals.
- Through the last year we narrowed the focus of the TBG Education Foundation to be more education-centric — now exclusively raising money for education opportunities, providing scholarships and grants to students and schools.

In 1997, a group of 52 construction companies developed a plan to do something about out-of-control work comp costs. What they really did was lay the framework for what has become Minnesota's #1 self-insured construction work comp fund. As this 2017 annual report shows, together we have far exceeded their expectations.

Thank you for another great year and thank you for your continued loyalty to The Builders Group.

Sincerely,


Stu Thompson, CEO

2017 AT A GLANCE

96.5%

MEMBER RETENTION RATE

\$10 MILLION

ADDED IN INSURED PAYROLL

\$1 BILLION

OVER 1 BILLION DOLLARS IN INSURED
PAYROLL FOR 3RD CONSECUTIVE YEAR

18,000

WORKERS TRAINED
BY TBG IN 5 YEARS

197

FEWER ACCIDENTS REPORTED

\$2.2 MILLION

IN REDUCTIONS TO PREMIUMS

NURSECARE HOTLINE

At TBG, employee safety is always our number one concern. Keeping workers safe, getting them the best medical care when needed and making sure workers are handled with care and compassion... that's what we do. The NurseCare Hotline is the first step. And it's absolutely free to TBG members.

The NurseCare Hotline gives your workers instant access to world-class telephone first aid from specially trained medical professionals:

- State-of-the-art protocols rapidly assess the nature of an injury.
- Sound clinical decisions about when first aid is appropriate and when referrals are necessary.
- Consistent treatment decisions and documentation of injuries.
- When needed, workers are referred to the best care providers.
- Prompt reporting of injuries to designated recipients.
- Consolidated reporting of all injuries.
- We've got you covered 24/7/365.

Think of the peace of mind this could give you and your workers. It's fast, easy and free. We've removed every concern so now all you have to do is sign up.

If you haven't had a chance to discover the NurseCare Hotline and would like to receive your free welcome kit please contact:

Ashley Putnam | 651.389.1149 | aputnam@tbgmn.com

OUT-OF-STATE COVERAGE

As our members continue to grow and capture business in other states, the desire for workers' comp insurance that could cross borders grew from a wish to a need. In 2017, we laid the groundwork for meeting this challenge by bringing in Craig Marcotte to lead our other states coverage team. The demand has exceeded expectations and continues to grow. Another reason why partnering with TBG is simply good for business.

For more information on this exciting new opportunity contact:

Craig Marcotte | 651.389.1165 | cmarcotte@tbgmn.com

TBG SAFETY TRAILER

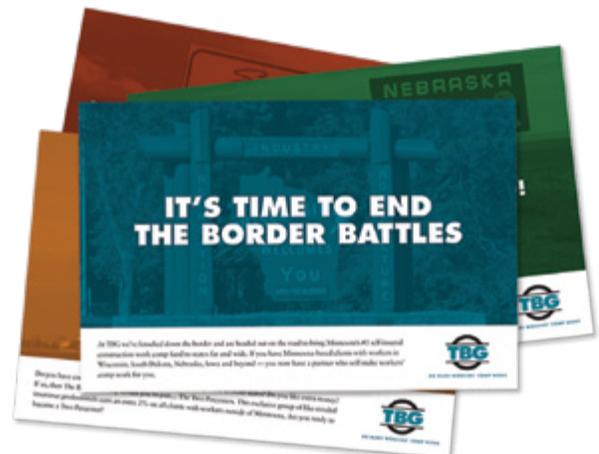
Safety has always our number one concern. For years our members have been pouring in by the busload to take advantage of our free hands-on training in our state-of-the-art safety training center and classroom.

However, as the fund has grown and we've accepted members in virtually every corner of the state, it became harder for these members to make the trip to TBG. That's why we've partnered with ABC of MN/ND (Associated Builders and Contractors) to take job site safety the extra mile with the all-new TBG Safety Trailer.

As a mobile training command center, the TBG Safety Trailer has the ability to conduct indoor and outdoor hands-on training sessions. From fall protection training and confined space training to tool safety and beyond — members of TBG now have access to the most advanced and up-to-date safety services, no matter where they work.

For more information on safety services training or to schedule a time to have the safety trailer brought to your job site please contact:

Adam Tripp | 651.203.6798 | atripp@tbgmn.com

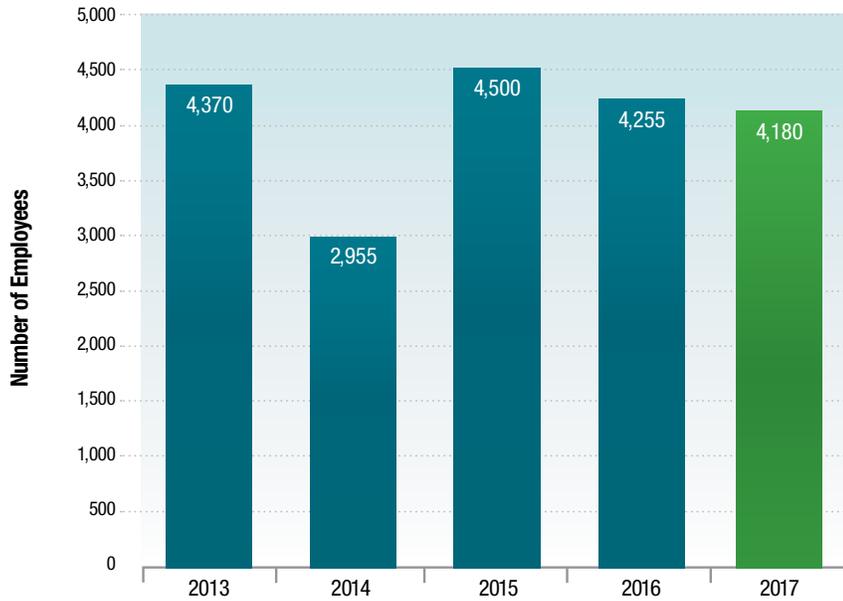


CONSOLIDATED FINANCIAL STATEMENT

	2017	
BALANCE SHEET	Assets	
	Cash and Equivalents	13,916,395
	Certificate of Deposit	27,185,293
	Investment in Securities	25,233,725
	Investment in Real Estate	8,735,000
	Premium Receivables	3,657,961
	Other Receivables	349,527
	Reinsurance Recoverable	1,077,802
	Deferred Income Taxes	754,648
	Refundable Reinsurance Premiums	51,888
	Fixed Assets	3,609,856
	Other	1,387,760
		85,959,855
	Liabilities	
Unpaid Losses and Loss Adjustments	34,904,570	
Security Deposits	8,456,122	
Special Compensation Fund Reserve	4,810,566	
Member Distribution Payable	36,400,371	
WCRA Deficiency Assessment Payable	483,763	
Reinsurance Premiums Payable	—	
Accounts Payable and Accrued Liabilities	904,463	
	85,959,855	
INCOME STATEMENT	Revenues	
	Premium Earned	41,015,970
	Investment Income	806,030
	Realized Gains (losses) on Investments	621,174
	Other Income	170,100
		42,613,274
	Expenses	
	Losses and Loss Adjustments	22,228,417
	Reinsurance	1,333,602
	Special Compensation Fund	1,878,032
	Commissions	2,977,830
	Depreciation	195,258
	Salary and Benefits Expense	2,119,232
General and Administrative Expenses	4,013,077	
	34,745,448	
	(Increase) Decrease in Member Distributions	(7,274,475)
	Provision for Income (Tax) Benefit	(593,352)
	Net Income (Loss)	—

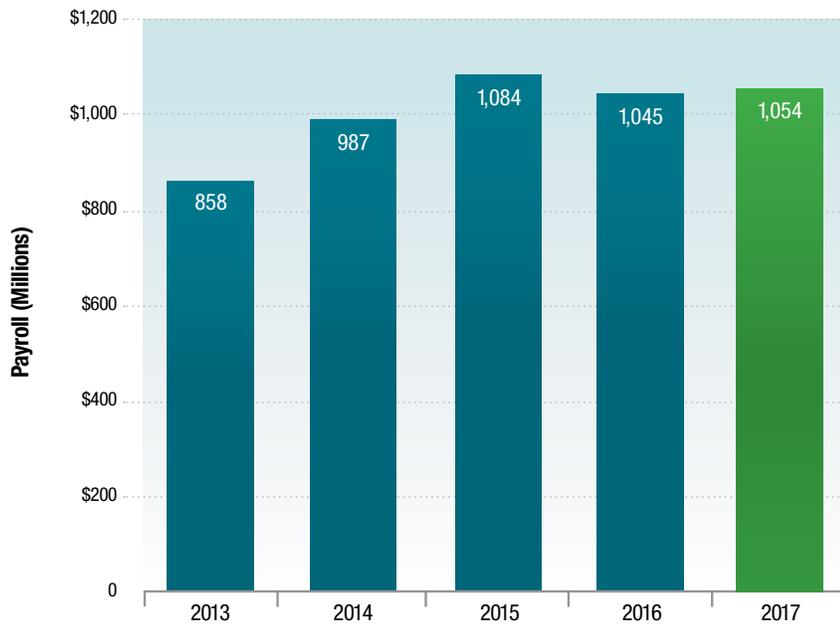
The financial statements above are taken from the independent auditors' reports.

EMPLOYEES TRAINED AT TBG



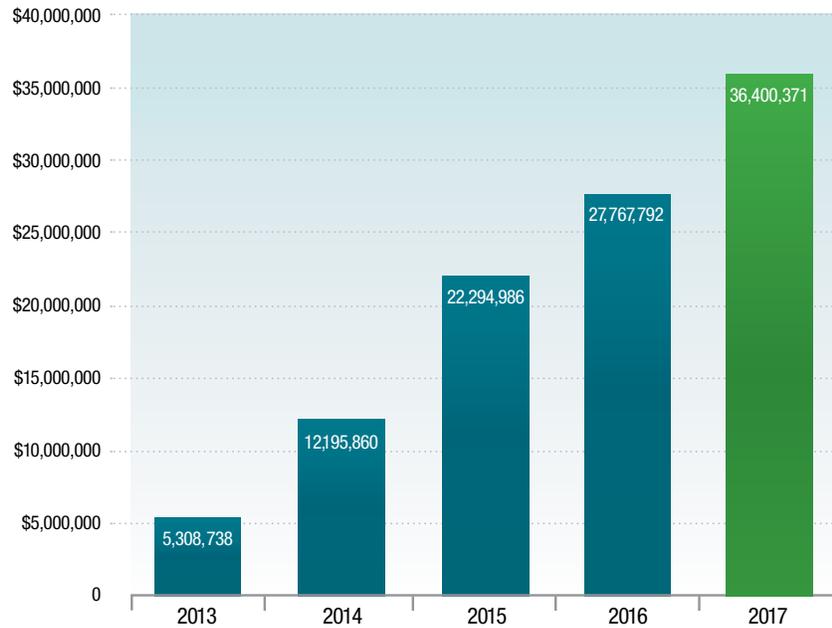
Our Safety Team has trained over 20,000 construction workers in the past 5 years.

MEMBER REPORTED PAYROLL



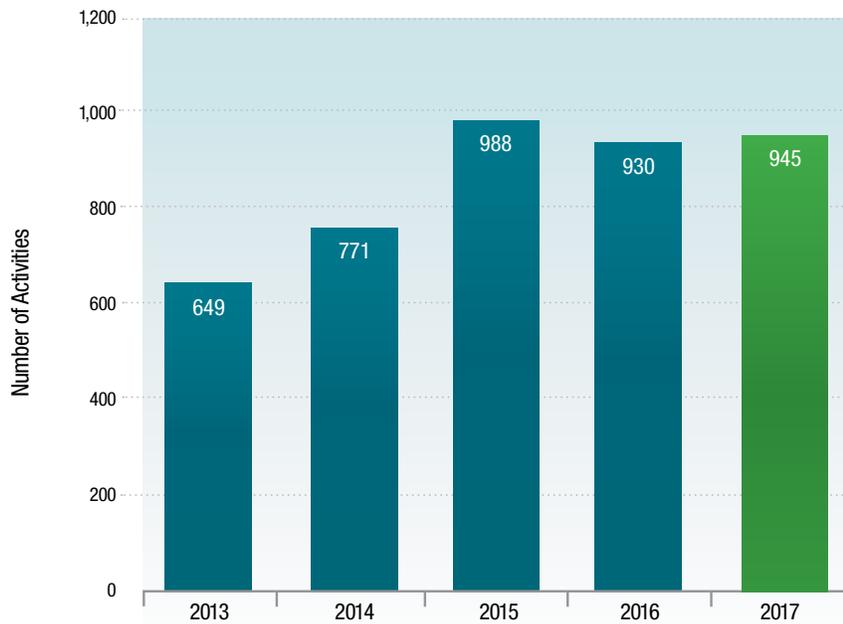
We insure over \$1 billion in annual payroll.

MEMBER DISTRIBUTION PAYABLE BALANCE



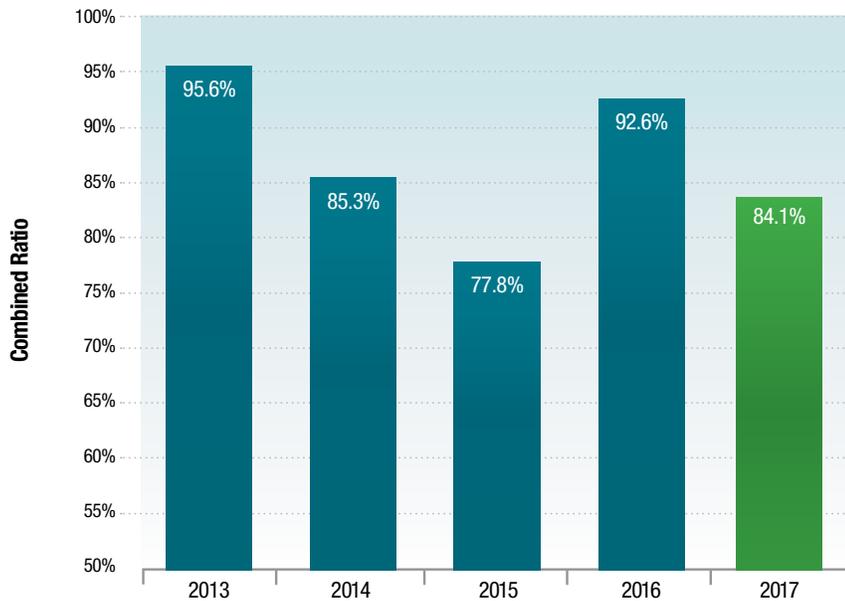
Future dividends payable.

SAFETY SERVICE MEMBER ACTIVITIES



Our Safety Team has visited over 4,200 job sites in the past 5 years.

COMBINED RATIO BY YEAR



TBG is a group of like minded individuals bound by the belief that
“when responsible people act responsibly, everyone wins.”

For over 20 years we’ve stayed true to that founding principal and proved that
WE MAKE WORKERS’ COMP WORK.

UNDERSTANDING YOUR **DIVIDEND**

This year TBG is distributing the dividends generated from the 2012 and 2013 Fund Years per the TBG Dividend Policy. The dividend amounts have been calculated based on actuarial information as of 12/31/2016 and approved by the Minnesota Department of Commerce and TBG Board of Directors.

To qualify for a Dividend, a member has to meet three basic criteria:

- You were a member of the Fund the year the Dividend is being paid (2012 and/or 2013).
- You must be a member in good standing on the date the payment is made (during 2018).
- Your loss ratio must meet the profitability requirements of the TBG Dividend Policy.

As a member owned self-insured fund, we partner with our members to reduce or eliminate risk through industry-specific safety training, education and services. Our proactive claims approach helps an injured employee receive proper medical care, allowing them to return to work as quickly as possible.

Through TBG, the construction trades have access to affordable, high-quality workers' comp that is tailored specifically to their unique needs. Our members have a partner who fully understands their risks and is committed to helping them lower costs, create safer workplaces and take better care of their workers.

The payment of this dividend confirms that TBG has been successful in meeting these goals. **Thank you for your loyalty and for allowing us to make workers' comp work for you.**



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Number of years dividends have been paid



\$9,457,540

Distributed in dividends



71%

Of members now receiving dividends

TBG EDUCATION FOUNDATION



The Builders Group established the TBG Education Foundation, Inc. in 2015. The objective of this 501(c3) organization was to promote and support initiatives that direct and inspire young men and women to discover the broad scope of viable career options that are available across the building trade spectrum. We owe a great debt of gratitude to Dennis Medo, who was instrumental in starting and managing the Education Foundation. In 2017 Dennis took the reins as the president of Project Build, an offshoot of The Education Foundation, seeking to raise awareness of careers in the trades for young men and women.

With Project Build off and running, Stu Thompson, always one with a heart for education, took over as president of the Education Foundation. Under Stu's leadership we redefined our mission, focusing exclusively on raising money for students and schools — providing them with the scholarships, grants and educational opportunities they need to build a future in the trades.

When you support the TBG Education Foundation not only are you helping provide opportunities for young men and women but a better future for the trades — and that's something we all benefit from.

To make a tax deductible donation to the TBG Education Foundation visit TBGedu.org or contact:

Stu Thompson | 651.389.1136 | sthompson@tbgmn.com



79%

Of construction companies can't find enough hourly workers

SOURCE/ ASSOCIATED GENERAL CONTRACTORS OF AMERICA



50%

Of the U.S. workforce will be made up of millennials by 2020

SOURCE/ PEW RESEARCH CENTER



OVER \$100,000

Raised by the TBG Education Foundation since 2015



WHAT WE DO.



We provide work comp solutions tailored exclusively to the construction trades to help them lower costs by working safer, smarter and more profitably.



HOW WE DO IT BETTER.



As a member-owned, self-insured fund, we partner with members to mitigate risk through training, education and services. Our proactive approach to claims delivers personal, compassionate attention — ensuring the worker gets the right care at the right time.



WHY WE MATTER.



The construction trades have access to affordable, high-quality workers' comp that is tailored specifically to their unique needs. They have a partner who fully understands their risks and is committed to helping them lower costs, create safer workplaces and take care of their workers.



WE MAKE WORKERS' COMP WORK



We make workers' comp work for you.

For over 20 years we've been making workers' comp work by offering benefits and services customized to meet the needs of Minnesota construction firms. Built for the construction industry, by the construction industry – we make safety work, we make claims work and that's what makes workers' comp work. If you're looking for affordable, high-quality workers' comp, contact TBG today.



**Proactive Claims
Management**



**Safety Training
Services**



**NurseCare
Hotline**



**Pay-As-You-Go
Premiums**



**97%
Member
Retention Rate**



WE MAKE WORKERS' COMP WORK

Members are jointly and severally liable for their proportionate share of obligations for the group and will be assessed on an individual and proportionate share basis for any deficit created by the group. Dividends are not guaranteed.