

2022 ANNUAL REPORT



MESSAGE FROM CEO STU THOMPSON

Dear Members, Agents, and Friends,

We had an exciting year in 2022, as we celebrated 25 years of operation with an open house for members, agents, partners, and current and former employees in September! It's hard to believe it was just 25 years ago we started as a group of 52 members with \$450,000 in premiums and have since grown to nearly 700 members with over \$50 million in premiums!

Our 25th year saw the largest dividend paid to members in the company's history, consisting of \$5.6 million – a record that will be broken again in 2023 when over \$9 million is paid out to eligible members.

Here are just a few of the highlights from behind the scenes that make all of this possible:

- TBG Safety Services Association has continued to expand its offerings to members.
- We hosted our 2nd Safety Summit with construction groups throughout the U.S.
- We took 1st place in Safety Nationals' annual safety contest and earned a \$10,000 grant.
- We matched those funds and invested in VR tech and a new exoskeleton to support member safety.
- We remodeled our building, expanding classrooms, parking lots, technology, and more.
- We purchased Formula Benefits, a third-party administrator for various insurance products.
- We continued to invest in our captive, which provides additional protection from assessment.
- We continued raising funds to support and encourage young people to pursue careers in the trades through the TBG Education Foundation.

The enclosed annual report covers this and much more in great detail. As you'll see, over the past 25 years, TBG has provided the most valuable, specialized workers' comp solutions available. Our value added Safety Service Association, proactive claims management, Pay-As-You-Go premiums, NurseCare Hotline, Cross Border Coverage, captive protection, and dividends have all positioned us as our industry's premier workers' comp provider.

We couldn't have done any of this without each of our incredible members, partners, agents, and employees. We can't thank you enough for helping us achieve another successful year.

Stu Thompson, CEO



2022 AT A GLANCE

\$1.59 BILLION

A new high-water mark
in member reported payroll

8 YEARS

Consecutively posting
over a billion in reported payroll

\$77.7 MILLION

Member Distribution Payable Fund

\$5.6 MILLION

Member dividend
being paid in 2022

15%

Members elected other state's coverage

98%

Member retention rate

4,350

TBG Member employees trained in 2022

\$50,191,263

Premium earned in 2022

\$87,974

Raised during the 2022
Education Foundation Golf Outing

FORMULA BENEFITS



As a business centered on doing good things for good people, TBG always seeks like-minded partners to provide our members with the best services. In 2021, we formalized a partnership with our neighbor, Formula Benefits. The third-party administrator's mission is to provide top-quality benefit plans such as disability, health, vision, and dental for self-funded plans. With matching business models, cultures, and ethics, it was a no-brainer to partner with Formula Benefits to provide our members with the most comprehensive benefits packages.

Though the formal partnership is new, the company's friendship is over a decade old. For 16 years, Formula Benefits has been just across the hall in TBG's Eagan building. The company was founded in 1985 by Jay Johnson. Since its inception, Formula Benefits has worked with various employers, from union and non-union groups to private enterprises, to offer self-funded benefit options like dental, medical reimbursement, FMLA administration, vision, and more. But, like TBG, Formula Benefits doesn't rest on its laurels and continues to add product lines to its packages to serve its clients best.

Formula Benefits prioritizes building strong relationships and helping clients find the best possible solutions to their problems by strengthening their benefits packages as their support needs change. Whether recent clients or those that have been with them from day one, Formula Benefits provides unparalleled customer service.

After spending years as neighbors, merging the two companies felt like a natural step. The partnership allows both companies to offset any potential future low-profit business years with the additional income they provide one another. Both are excited about what is to come and look forward to seeing how it increases the positive influence they can have in the field.

Stephanie Greeninger, the Vice President of Operations at Formula Benefits, has been with the company for nearly 20 years. She is the second generation at Formula Benefits, founded by her father, Jay Johnson. A small but mighty company (just like TBG), Stephanie does a little of everything throughout the business and said, "This is the only career field I've known, and I've watched the company grow." She continued, "Minnesota is a hub for healthcare benefits & diversifying the available product lines to strengthen Formula Benefits as a business is incredibly important."

Becoming partners is a win for creating a more robust workers' comp experience for construction industry workers. The value of having a company like Formula Benefits partner with TBG is many. For example, researching and seeing if there are linear markets to pursue and increase IT capabilities to strengthen service. Over the past few months, the leadership teams have been working hard at building infrastructure and hiring new employees to prepare them for the breadth of growth opportunities.

Since its launch, TBG has been a leader in the workers' compensation industry, creating a new, unique, higher safety standard. As the construction industry grows and changes, so will TBG, and another new and exciting idea is brewing. More on that to come!

We look forward to the opportunities that await us from the partnership with Formula Benefits and hope you are too!



TBG's Safety Services is passionate about improving safety in the workplace. We have been hard at work this past year investing in new solutions, technology, projects, and resources for our members and their employees.

Throughout 2022, the TBG Safety Service Association spent countless hours addressing our members' many safety needs while earning a safety grant from our partner Safety National that helped us fund new technological advancements. On top of that, we updated and expanded our facility, creating optimal space for a wide range of safety training and demonstration opportunities. At TBG, we will stop at nothing to help our members lay the groundwork for fewer incidents and hazards.

As a result of our expanded facility, TBG now offers more comprehensive, realistic, hands-on training experiences for our members. Our new interactive, hands-on Safety Training Room, Trench Room, and Safety Services classrooms are among these expansions. As a result, we've scheduled more opportunities for training than ever before and have needed to grow our Safety Services team to keep up with the demand.

In 2022, TBG was provided the opportunity to earn the Safety National Grant and was awarded 1st place out of over 70 applicants. The award was an honor, and the \$10,000 grant that came with it was such a wonderful gift! This extra \$10,000 allowed us to invest in remarkable new technologies to supplement the training experiences we offer our members and their employees: manual material-handling exoskeletons and virtual reality training technology. Our assessment of common injury trends at construction worksites and related best practices shows these technologies will have countless benefits. Along with these new technologies, we were able to invest in top-of-the-line fall protection equipment, powered stairclimbing dollies, and ladders. With these new assets, whatever your safety training needs are, we have the expertise and resources to make it happen!



We love providing safety training for our members – it is the heart of who we are. With that in mind, we wanted to offer various training opportunities, ensuring safety is accessible to all. One example included the two-part Buddy-to-Boss series last March and April, which we developed to help supervisors and managers lead and communicate more effectively in the workplace. Another included a training we offered in partnership with McCollum Crowley Law to provide information on common financial and legal risks related to being a business owner. The experts at McCollum Crowley provided their expertise regarding minimizing exposures to risk, liabilities, and disputes while maximizing profit. McCollum Crowley also discussed mechanics’ liens, RFIs, COs, accident investigation, liability shields, contractual indemnification obligations, and more. These pieces of training were all so successful that we plan to offer similar experiences moving forward!

On behalf of our entire staff at TBG and our Safety Services team, we are grateful for what we have built in partnership with our members. You make our efforts possible through your commitment to safety and wellness in your organization.

WE WANT TO THANK YOU AS WE CELEBRATE A YEAR OF SUCCESS IN 2022 AND WORK TOWARD DEVELOPING GREAT TRAINING EXPERIENCES IN 2023.

Please get in touch with your TBG Safety Services Representative to schedule any safety training you’d like your organization to receive, or contact Emily Cutts at ecutts@tbgm.com to reserve training spaces at TBG.



CHEERS TO A SUCCESSFUL 25 YEARS



On September 14, 2022, TBG hosted a spectacular and successful 25-Year Anniversary party in our newly renovated facility! This was a fun and welcoming event for TBG associates, board members, agents, and members, as well as our friends and families. Attendees could take part in a firsthand introduction to TBG's new state-of-the-art training room and hands-on training center, becoming familiar with the resources available during an enjoyable, celebratory event.

This event featured a "Minnesota Road Trip" theme, which traveled along the history of TBG and its 25 years. The event highlighted several local Minnesota businesses, interactive demonstrations, and informative elements of the building remodel. These included an outdoor "welcome" area where attendees teed up for a round of mini golf while enjoying delicious food from two local food truck businesses, Tot Boss and Sasquatch Sandwiches. It also included a stroll down memory lane in the Board Room, highlighting TBG's most notable endeavors, events, and achievements while attendees learned the art of rolling cigars. Attendees also had the opportunity to network in the Mississippi Room, the newly-expanded classroom, over drinks and photo-ops before previewing the Iron Range room, an area where safety demonstrations take place in TBG's state-of-the-art safety training center. In the Headwaters Room, another space typically used for small meetings or classes, the event featured a TBG Education Foundation area that encouraged attendees to learn about how TBG supports and encourages people to pursue a career in the trades. They also registered for high-quality door prizes, all of which included a year-long pass to every Minnesota State Park! This historic event also included swag bags featuring locally-grown wild rice from Moose Lake Wild Rice Co., locally-made honey from the Honey Hut, luxurious honey soap from S&S Hives, and delicious cookies from Cookie Cart. All attendees received this specially-curated gift bag while the sound of local musical artists rang through the speakers, filling the party with their wonderful songs and melodies.

Among attendees was TBG Agent Shaun Irwin, who shared his belief that "the evolution of TBG is incredible" and that "Stu Thompson is an authentic, visionary servant-leader," which extends across the entire culture of TBG. His encouragement, matched with that of others, drew attention to the fact that TBG saves lives with the cautious way it handles worker safety. Workers' compensation is challenging for all parties involved, and without having the right connections, companies can struggle to handle related situations properly. TBG removes this inconvenience and stress from companies through our prevention processes and Safety Services trainings, offering a competitive level of support that is unique to us alone.

The leadership at TBG knows that our policyholders are shareholders of TBG, and their voices need to be highlighted regarding workers' compensation coverage. TBG's processes are better; our safety and loss control is 2nd to none. A part of our extraordinary leadership is our CEO, Stu Thompson, who wanted to leave us all with a personal "thank you" message:

"I want to thank you all for your support over the last 25 years. We couldn't have done it without you and your commitment to safety. It's been an amazing journey so far, and I can't wait to see where the next 25 years take us - together."

CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

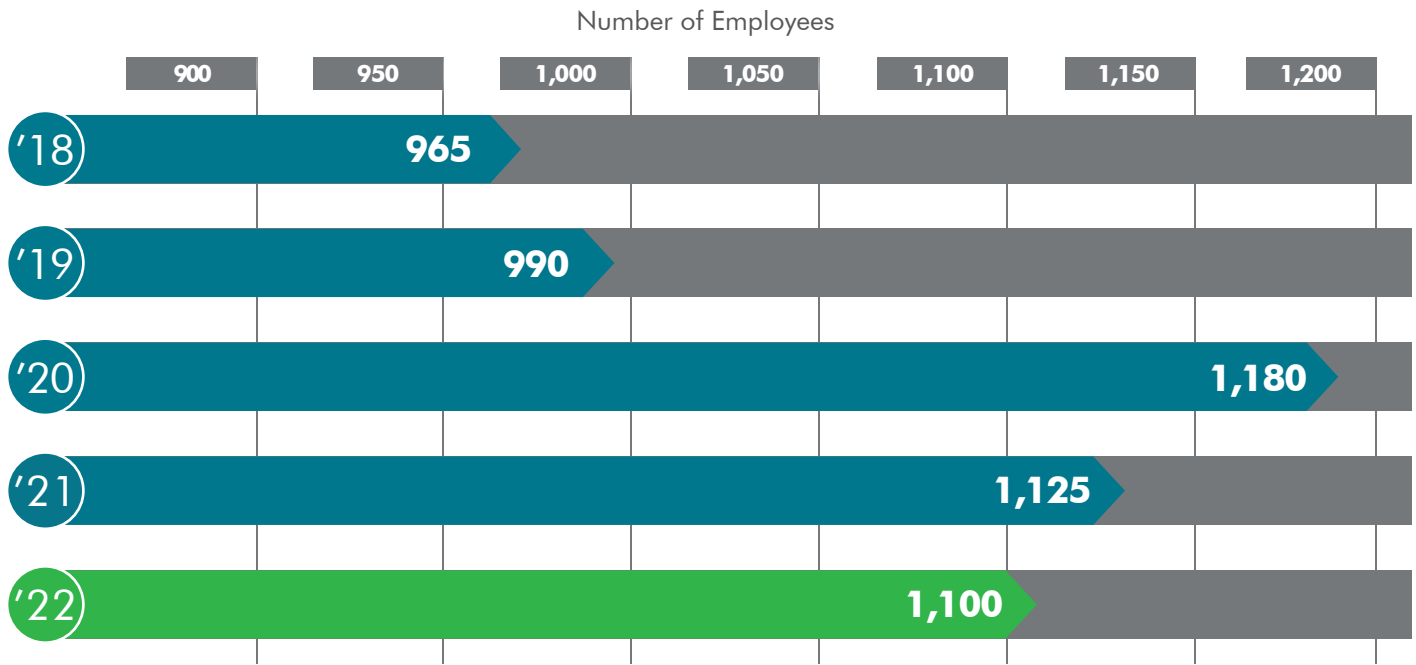
	2022	2021
Assets		
Cash and Equivalents	21,067,872	24,217,127
Certificates of Deposit	29,442,885	31,939,830
Investment in Securities	57,770,025	42,692,231
Investment in Real Estate	7,080,000	7,080,000
Investment in Annuity	1,885,395	1,909,866
Investment in Note Receivable	3,446,304	2,869,657
Total Cash and Invested Assets	120,692,481	110,708,710
Premium Receivables	4,392,756	4,444,843
Other Receivables	286,070	306,505
WCRA Distribution Receivable	-	11,872,488
Reinsurance Recoverable	2,761,007	1,959,591
Fixed Assets	3,683,661	3,602,449
Goodwill	2,039,615	2,279,570
Prepaid Expenses and Other Assets	3,234,975	2,353,108
Total Other Assets	16,398,085	26,818,555
Total Assets	137,090,565	137,527,266
Liabilities		
Unpaid Losses and Loss Adjustments	39,694,046	38,720,001
Security Deposits	10,076,953	9,935,492
Special Compensation Fund Reserve	4,413,052	4,576,500
Member Distribution Payable	77,773,643	78,859,474
Note Payable	730,949	1,175,050
Reinsurance Premiums Payable	107,137	118,295
Accounts Payable and Accrued Liabilities	4,294,786	4,142,452
Total Liabilities	137,090,565	137,527,266

INCOME STATEMENT

	2022	2021
Revenues		
Premium Earned	50,191,263	48,759,548
WCRA Distribution	-	11,872,488
Investment Income	2,055,281	1,312,801
Realized Gains (Losses) on Investments	1,063,591	1,479,633
Other Income	1,642,944	948,591
Total Revenue	54,953,079	64,373,061
Change in Fair Value of Equity Securities		
Increase (Decrease) in Fair Value of Equity Securities	(5,558,159)	2,932,212
(Increase) Decrease in the Accrual of Excess Earnings as Distributable to Participants	5,558,159	(2,932,212)
	-	-
Expenses		
Losses and Loss Adjustments	26,809,106	27,807,893
Reinsurance	1,689,854	1,336,182
Special Compensation Fund	943,732	3,211
Commissions	3,965,080	4,091,388
Depreciation	498,689	378,615
Salary and Benefits Expense	3,526,665	2,801,408
General and Administrative Expenses	5,495,505	4,551,909
Total Expenses	42,928,631	40,970,607
	(12,024,448)	(23,402,454)
(Increase) Decrease in Member Distributions		
Provision for Income (Tax) Benefit	-	-
Net Income (Loss)	-	-

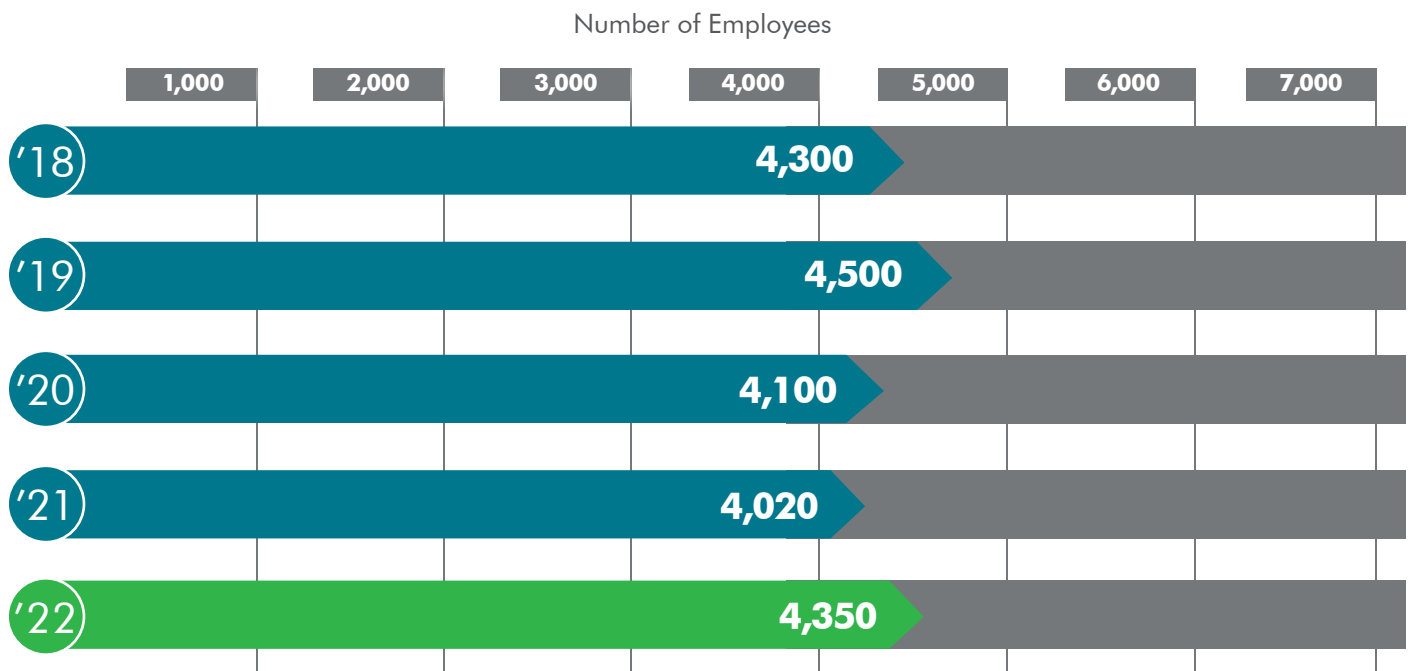
The financial statements above are taken from the independent auditors' reports.

SAFETY SERVICE ASSOCIATION MEMBER ACTIVITIES



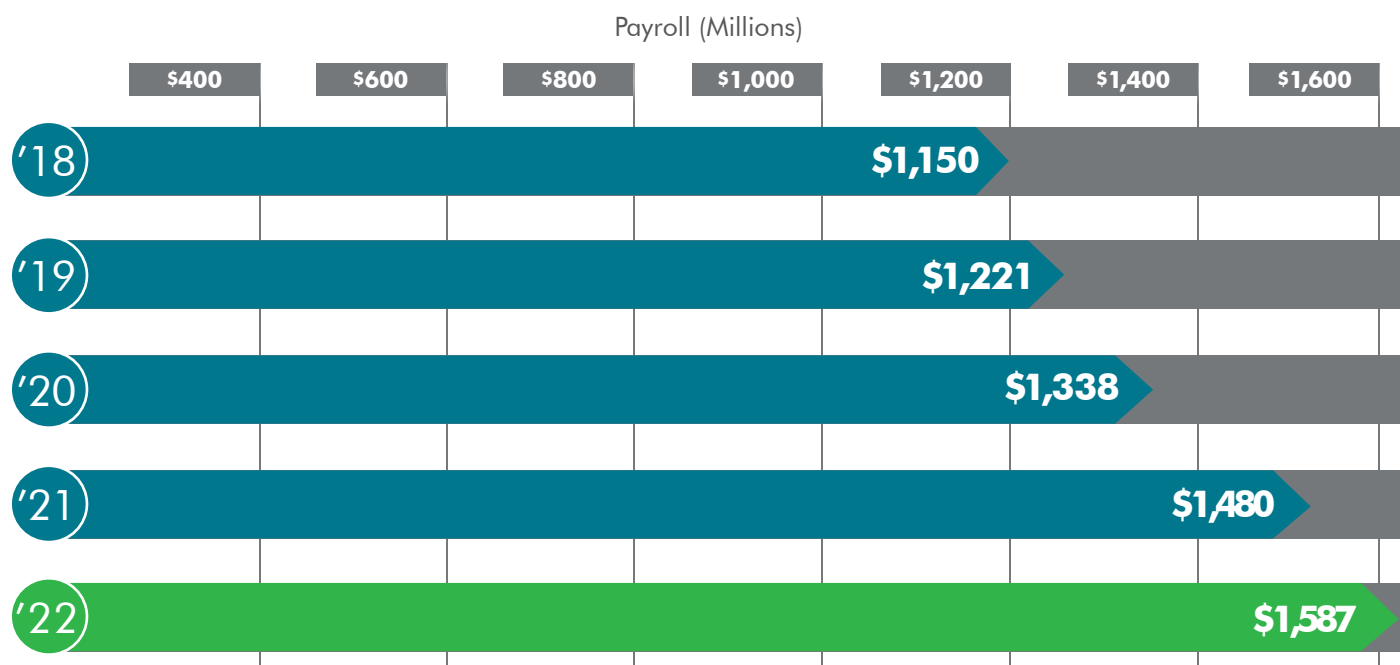
Our Safety Team has partnered with members to provide our services over 5,000 times in the past 5 years.

EMPLOYEES TRAINED VIA TBG RESOURCES



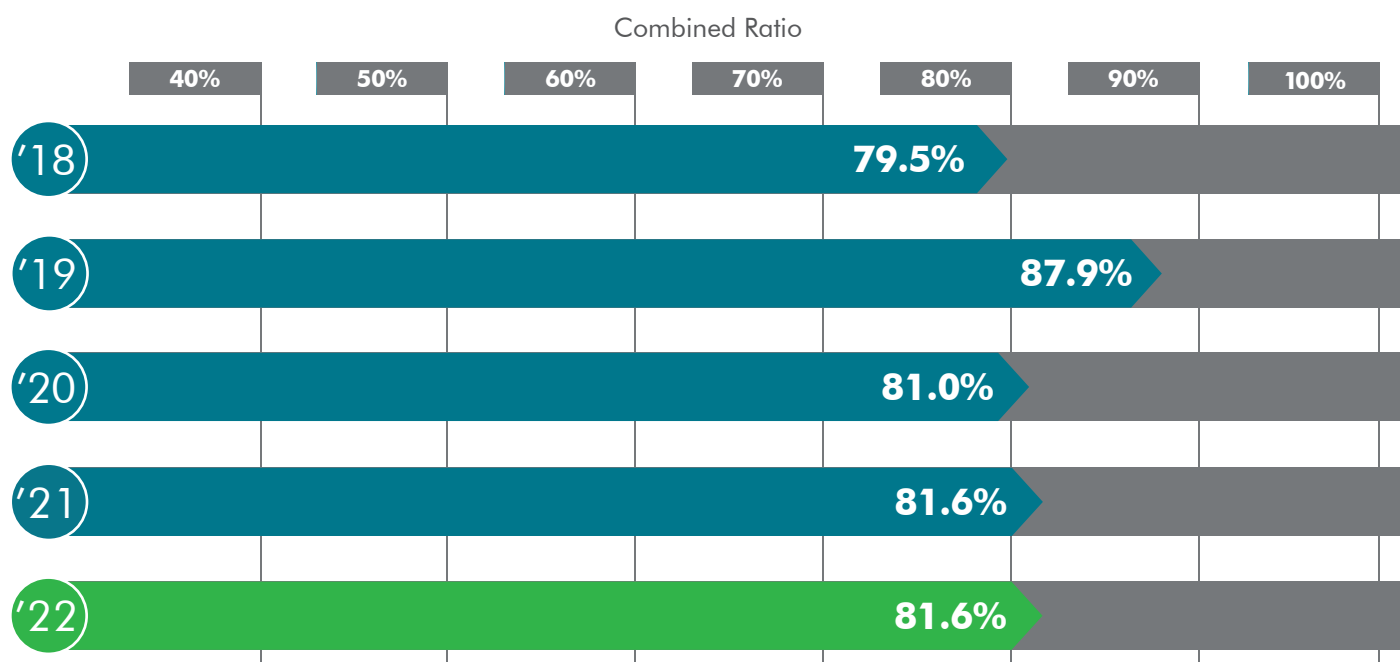
Our Safety Team has trained over 20,000 construction workers in the past 5 years.

MEMBER REPORTED PAYROLL



We continue to see rising payrolls based on the strength of the industry and our program.

COMBINED RATIO BY YEAR



WHAT IS THE EDUCATION FOUNDATION?

For 8 years, the TBG Education Foundation has been raising funds to filter back into the hands of those seeking to start a career in the construction trades.

Since its inception, the TBG Education Foundation has focused on encouraging students to consider the trades as a career. The Great Recession devastated the construction trades, raising unemployment to over 50%! When the industry rebounded, former workers had already found other careers, causing a workforce shortage in the trades. In addition, a negative stigma seemed to exist that working a blue-collar job isn't a life-sustaining career route worth taking. Many high schools no longer offered shop classes, so students did not even have the opportunity to explore the trades.

The TBG Education Foundation has worked to help bring awareness of the opportunities in the trades by raising \$379,892.27 since 2017 and donating it back to the industry through scholarships, grants, and tools for schools. In 2022, the Foundation funded 27 scholarships totaling \$28,850, matched dollar-for-dollar by the Foundation's partnering associations, and \$28,500 for grants, internships, and tools for school programs throughout the state. With your help, we raised a total of \$87,974.23 in 2022 alone.

We don't only need help to raise money; we also need your help finding organizations in the industry that could benefit from a TBG Education Foundation grant. If you know of such an organization, please don't hesitate to reach out. We always seek ways to support those building their futures in the trades.

Each year, the TBG Education Foundation raises money by hosting a golf outing and will host their third annual TBG Education Foundation Clay Shoot for the Trades in the summer of 2023. These two events are where the Foundation's partners and sponsors come together to grow the awareness and the resources needed to make the mission of the TBG Education Foundation possible.

The Foundation gives tremendous thanks to the sponsors who annually show up and continue their support and the partners that allow the Foundation to execute its mission. Because of them, more students and construction career-minded people receive financial assistance to start their careers in the trades.

The TBG Education Foundation looks forward to its 20th Annual TBG Education Foundation Golf Outing on July 20, 2023, and its 3rd Annual TBG Education Foundation Clay Shoot for the Trades on August 29, 2023. We invite you to join us as we continue to raise awareness and assist in the opportunities in the trades!





**EDUCATION
FOUNDATION**

\$87,974

raised through
TBG Education Foundation
in 2022 which funded:

27 scholarships

 totaling
\$28,850
and
\$28,500 
towards

grants, internships, & tools
for school programs

Grand total raised through
TBG Education Foundation
since 2017:

\$379,892

2022 AWARDED SCHOLARSHIPS

In 2022, TBG Education Foundation donated \$7,500 in scholarships to the Association of Women Contractors. Matching the funds, TBG and AWC awarded five \$3,000 scholarships to 4 apprentices and a welding student. We're honored to highlight three of those recipients.



Becoming an electrician was a complete career change for Helen Spindler. Helen had always considered herself handy but had yet to think of making a career in the trades. "I didn't envision myself being an electrician, but I did it, and I'm glad I did," she shared. Using her scholarship funds to pay for her books and daycare for her youngest son, Helen could focus on her studies and apprenticeship. She recently passed her exam to become a licensed journey worker electrician.

Harriet Gary studied welding at St. Paul College. Substantial life changes had Harriet seeking a career more conducive to family life. She wanted stability in her employment and the ability to flex her artistic muscles. "It just felt like a cool challenge. I just went for it," and "I really enjoy it," she shared. Using her scholarship funds to manage living costs, Harriet graduated in December 2022, securing employment as a welder within a few weeks.



Now nearly four years into her carpentry apprenticeship, Morgen Larsen initially thought it could be a cool job for someone else. But further consideration made her realize it could also be a job for her. "I love doing things with my hands, and being physically busy at work has been great," Morgen said. Using her scholarship funds to purchase a car, workwear, and tools and take time off work to attend classes, Morgen began working for a steel side framing and drywall company. She is involved in the union and looking forward to serving as a support for other tradeswomen.



UPCOMING EVENTS

Are you looking to give back and support the mission of the TBG Education Foundation?

Mark your calendars and join us on July 20th for our 20th Annual Golf Outing. Then, get ready for our 3rd Annual Clay Shoot for the Trades on August 29th.



HASTINGS GOLF CLUB
2015 WESTVIEW DR
HASTINGS, MN 55033



GAME UNLIMITED
871 COUNTY ROAD E
HUDSON, WI 54016



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.



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.



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.



Proactive Claims Management



Safety Training Services



NurseCare Hotline



Pay-As-You-Go Premiums



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.