

2023 ANNUAL REPORT



MESSAGE FROM CEO STU THOMPSON

Dear Members, Agents, and Friends,

TBG had a remarkable 2023, a testament to the collective effort of our Members, industry partners, agents, and employees. The year witnessed a record dividend paid to our Members, while Member payrolls reached an all-time high, and the loss ratio was the lowest in the last six years! Moreover, the Safety Services team trained a significant number of Member employees, with a record amount of sponsorship dollars provided to our construction industry partners. Please take some time and read the details of all the ways TBG continues to grow in its support of the trades.

ACCOMPLISHMENTS IN 2023:

- Over \$6.6M in dividends paid to our Members, with an additional \$8M+ coming in 2024
- Total payroll for Members was \$1.655B, which reflects the fifth straight year of \$100M increases in collective payroll
- Our Cross Border program exceeded \$1M in premium, providing coverage to 104 of our Members
- Transfer of our claim liabilities for the 2020 fund year through a Loss Portfolio Transfer (LPT)
- The TBG Education Foundation provided \$96,000 for scholarships and Tools for Schools
- Hiring of a bilingual Safety Services rep to offer safety events in Spanish

OUR SUCCESS CONTINUES TO BE DUE TO THE FOLLOWING:

- Proactive claims management assisting injured workers in their recovery and return to work
- Transferring our claim liabilities through LPTs for the years 2000 through 2020, locking in profits and eliminating future liabilities
- An Investment Policy that emphasizes the preservation of capital over the rate of returns
- Continued financing of our captive to help offset a deficit year if one occurs
- Safety training developed to a Member's individual needs with an emphasis on the prevention of injuries
- Pay-as-you-go monthly reporting of payroll
- The utilization of independent actuaries and accountants

2023 was also a year of planning for the continued success of TBG. Jon Schindel was hired as our Chief Operating Officer to prepare for my future retirement. Jon was our corporate attorney and worked closely with TBG and its Board of Directors for over a decade. In addition to adding a COO, a full-time HR manager and key IT and Safety Services positions were hired. We are positioned well for our future and any challenges that arise.

Thank you for your continued support!

Stu Thompson, CEO



2023 AT A GLANCE

\$1.66 BILLION

A new high-water mark in Member reported payroll

9 YEARS

Consecutively posting over a billion in reported payroll

\$77.1 MILLION

Member Distribution Payable Fund

\$6.6 MILLION

Member dividend being paid in 2023

16%

Members elected other state's coverage

98%

Member retention rate

7,572

TBG Member employees trained in 2023

\$49.58 MILLION

Premium earned in 2023

\$88,000

Raised during the 2023 Education Foundation Golf Outing

JON SCHINDEL ON TBG

As you already may know, I am no stranger to TBG; I have been outside legal counsel for 15 years. I witnessed the tough times for TBG after the Great Recession, then saw TBG rebound to the point where we are distributing a surplus for the eighth year in a row in 2024. What I have learned is that there is a significant difference between observing TBG's operations as its outside attorney and understanding how TBG functions in real-time. It's a big hill to climb, but the team at TBG has been patient with me.

My current role at TBG is two-fold: 1) explore opportunities to continue to elevate the organization in the areas of short and long-range strategic planning, brand recognition, and employee retention, and 2) don't make changes just for change's sake because TBG is in excellent shape.



BRAND RECOGNITION

TBG is undeniably a pillar of the industry, with over 650 Members that employ about twenty-five percent of workers in Minnesota's construction industry. However, despite this reach within the industry, TBG remains "Minnesota humble" about the work it does. Over the next several years, one of my missions is to keep our Members, Agents, and industry partners up to speed on the many ways TBG supports the trades.

STRATEGIC PLANNING

For 2024, we are taking a different approach to strategic planning. Most initiatives within TBG require contributions from several departments; very few are confined to a single department. Instead of having a strategic plan focused on each internal department's goals, we broke the strategic plan into five categories: Partnerships, Fiduciary Responsibility, Community Involvement, Culture, and Operational Systems. Removing departmental labels from the plan will elevate the cross-department communication within TBG (aka, getting all the smart people in the room, along with their great ideas). TBG has no intention of resting on its current success; we are constantly looking for opportunities to improve our offerings and financial stability in support of the Minnesota trades.

WORKFORCE PLANNING AND EMPLOYEE RETENTION

As we bring our claims team in-house in 2024, TBG will grow to more than 50 employees across the organization. With a staff that size, we must prioritize employee retention and make sure that new hires are aligned with TBG's core values. We are implementing an incentive program to encourage our employees to recognize each other when someone goes "above and beyond," we are creating a public space in our building where this recognition can be shared with everyone on the team.

Although we never lose sight of the Xs and Os of maintaining a successful fund, we are adopting a more intentional approach to ensure our employees and new hires are aligned with our stated core values.

A COMMITMENT TO INDUSTRY EXCELLENCE



TBG works hard to stand out as a pillar in Minnesota's construction industry. We provide workers' comp insurance to nearly 25% of the industry's workers and continue our strong support of the industry's trade associations. Our significant involvement with construction trade associations underscores our commitment to the industry we serve.

THE 2023 NUMBERS

667 *the number of Minnesota construction companies insured by TBG*

\$137.5K *TBG's contribution to our construction trade association partners*

23% *the percentage of the employees in the Minnesota construction industry that we insure*

\$45K *TBG's matching dollars contributed to association-based scholarships*

10 *the number of Minnesota construction trade associations we financially support*

34 *the number of association events attended by TBG leadership*

WHY OUR PARTNERSHIPS WITH MINNESOTA ASSOCIATIONS ARE FOUNDATIONAL

One of TBG's original mottos was "Created by the trades, for the trades." TBG was created by pooling resources of a handful of trade associations looking for an industry-focused alternative to workers' compensation. The industry commitment to the creation of TBG is the foundation of our continuing relationships and support of our industry's trade associations.

Aside from our origin story, there are several other reasons that we continue to support the associations. At the core of our involvement is the belief that a united industry is a stronger industry. Our connections with key stakeholders, including contractors, subcontractors, and suppliers, grew by actively participating in construction trade associations throughout 2023.

KEEPING UP WITH INDUSTRY TRENDS

To support the associations, we take advantage of being invited to and participating in their events to learn about industry trends. This allows us to gain firsthand insights into the unique challenges facing the construction industry in Minnesota. By understanding these challenges, TBG can tailor its services and programs to address the evolving needs of our Members. It also allows us to ensure that our products and services remain relevant and effective, aligned with the dynamic nature of the Minnesota construction industry.

ADVOCACY

TBG leverages its association memberships to advocate for the construction sector's collective interests. Through active engagement with trade associations, we contribute to shaping policies that positively impact our Members. This advocacy extends to legislative changes, regulatory frameworks, and safety standards, creating a favorable environment for the industry to continue to thrive.



SAFETY

Safety is paramount in the construction industry, and TBG is deeply committed to fostering a culture of safety. Our collaboration with trade associations enables us to amplify our safety initiatives. By working hand-in-hand with industry leaders, we contribute to developing and implementing best practices, ensuring our Members benefit from cutting-edge safety measures.

IT'S JUST FUN!

Sponsoring and attending association events brings us closer to our Members and their employees. Whether at a swanky gala, a bowling alley, or a Member's warehouse, we love hearing the stories we get from our Members about who they are and how their companies are innovating and growing.

TBG's strategic partnership with construction trade associations is rooted in a shared vision for the industry's growth and prosperity. By actively engaging with these associations, we strengthen industry bonds, advocate for common interests, tailor solutions to industry needs, promote collaborative learning, and reinforce a culture of safety. Through these efforts, TBG remains at the forefront of supporting and championing the success of Minnesota's construction professionals.

A FEW OF THE ORGANIZATIONS WE SUPPORT





**SAFETY SERVICE
ASSOCIATION**

REFLECTING ON 2023

At TBG, we measure success by improved safety training, helping injured employees return to work, and providing support for the trades. After all, TBG values community involvement and education, and we aren't all talk.

As we reflect on the achievements of our Safety Service Association Team in 2023, it is clear that we live our values at every turn, and it shows!

Here is just a snapshot of our accomplishments in 2023:

- Offered Spanish training resources to Members and offering OSHA 10-Hour Construction Safety Training in Spanish in the future.
- Provided another successful two-part "Buddy to Boss" leadership training course for supervisors in partnership with Esch Consulting and a Reasonable Suspicion Supervisor training in partnership with Minnesota Occupational Health.
- Provided training and resources to Minnesota construction industry associations.
- Acquired a fleet of Hilti exoskeletons, new dosimeters, the latest and greatest in ladder tech, PPE, etc., to show TBG's commitment to providing training on cutting-edge safety equipment to our Members.
- Created programs for hands-on training for our Members, including drop tests for fall protection, SawStop and dropped-object demonstrations, and opportunities to try on innovative new PPE, all to create a memorable and valuable training experience.

IN 2023 WE WELCOMED & TRAINED

7,572 of our Members' employees

both in-person (5,500+) and online (2,000+)

126 attendees to seven OSHA 10-Hour Construction Safety Outreach courses

(38 of which took advantage of the free seats thanks to TBG's SSA)

45 students from MNCAP

60 students from Dunwoody Technical College

who learned about safety from our SSA team

LOOKING AHEAD TO 2024

2023 was a year of education, training, and equipment investment, and 2024 will be no different. As we look forward to this year, TBG is well-prepared for further growth and success in the areas of injury prevention. Here are just a few of the exciting new initiatives we have planned:

- Expand our training throughout Minnesota and invest in another mobile training vehicle to bring more hands-on training to our Members.
- Formalizing our partnership with Your Ears Rock to improve access to hearing-related services for our Members.
- Expanding our educational opportunities, such as CPR/First Aid training, Reasonable Suspicion Supervisor training with Minnesota Occupational Health, and training in Spanish.
- Development of a safety equipment grant program
- Consultation to assist Members with future MN OSHA safety grant equipment purchases.
- Continuing to seek opportunities to provide safety training and content to the next generation of construction workers.

With our focus on safety training, education, and support - with the help of our Safety Services Association Team - we'll continue to make worker's comp work.

CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

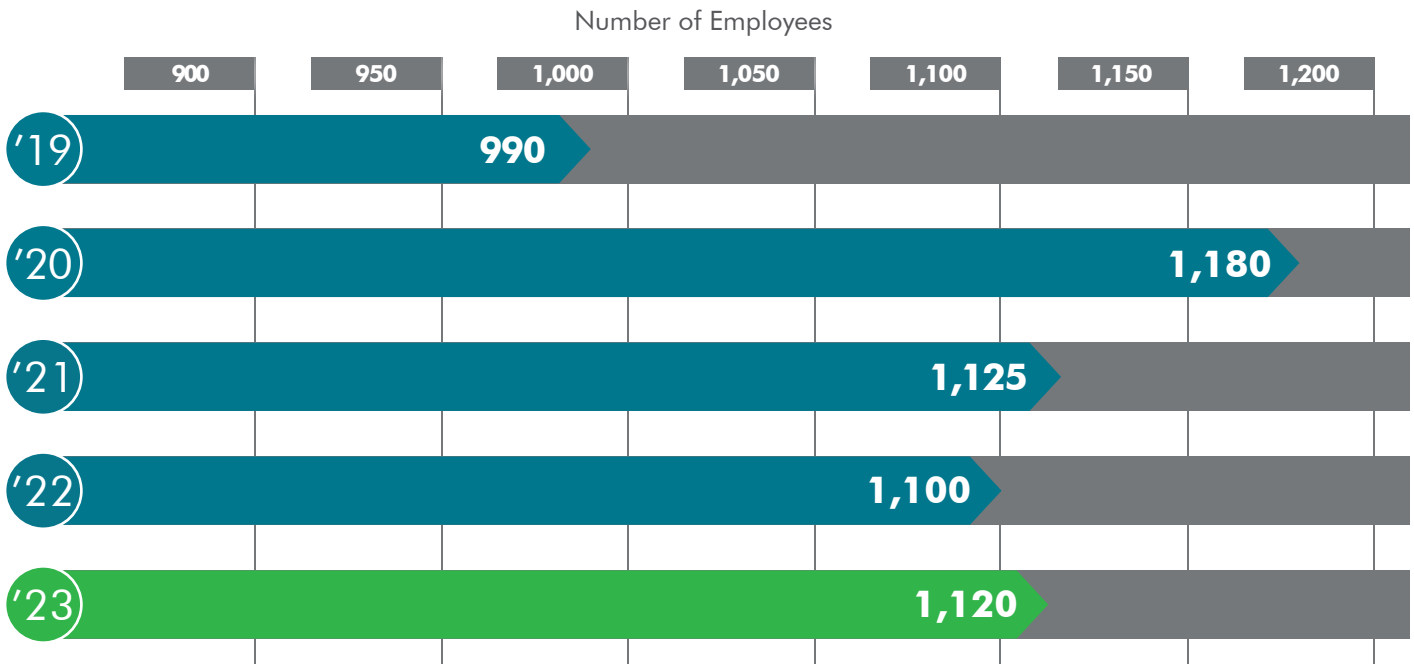
	2023	2022
Assets		
Cash and Equivalents	16,700,634	21,067,872
Certificates of Deposit	25,149,232	29,442,885
Investment in Securities	69,443,884	57,770,025
Investment in Real Estate	1,800,000	7,080,000
Investment in Annuity	970,689	1,885,395
Investment in Note Receivable	8,355,646	3,446,304
Total Cash and Invested Assets	122,420,084	120,692,481
Premium Receivables	3,796,068	4,392,756
Other Receivables	102,669	286,070
Reinsurance Recoverable	2,190,331	2,761,007
Fixed Assets	4,782,998	3,683,661
Goodwill	1,799,661	2,039,615
Prepaid Expenses and Other Assets	3,008,791	3,234,975
Total Other Assets	15,680,519	16,398,085
Total Assets	138,100,603	137,090,565
Liabilities		
Unpaid Losses and Loss Adjustments	40,995,625	39,694,046
Security Deposits	10,183,826	10,076,953
Special Compensation Fund Reserve	4,504,002	4,413,052
Member Distribution Payable	77,103,259	77,773,643
Note Payable	273,340	730,949
Reinsurance Premiums Payable	41,880	107,137
Accounts Payable and Accrued Liabilities	4,998,670	4,294,786
Total Liabilities	138,100,603	137,090,565

INCOME STATEMENT

	2023	2022
Revenues		
Premium Earned	49,582,136	50,191,263
Investment Income	4,330,839	2,055,281
Realized Gains (Losses) on Investments	813,564	1,063,591
Other Income	1,484,899	1,642,944
Total Revenue	56,211,438	54,953,079
Change in Fair Value of Equity Securities		
Increase (Decrease) in Fair Value of Equity Securities	3,238,168	(5,558,159)
(Increase) Decrease in the Accrual of Excess Earnings as Distributable to Participants	(3,238,168)	5,558,159
	-	-
Expenses		
Losses and Loss Adjustments	33,109,708	26,809,106
Reinsurance	1,794,124	1,689,854
Special Compensation Fund	1,093,584	943,732
Commissions	3,922,150	3,965,080
Depreciation	582,985	498,689
Salary and Benefits Expense	4,322,378	3,526,665
General and Administrative Expenses	5,394,415	5,495,505
Total Expenses	50,219,344	42,928,631
(Increase) Decrease in Member Distributions	(5,992,095)	(12,024,448)
Provision for Income (Tax) Benefit	-	-
Net Income (Loss)	(0)	-

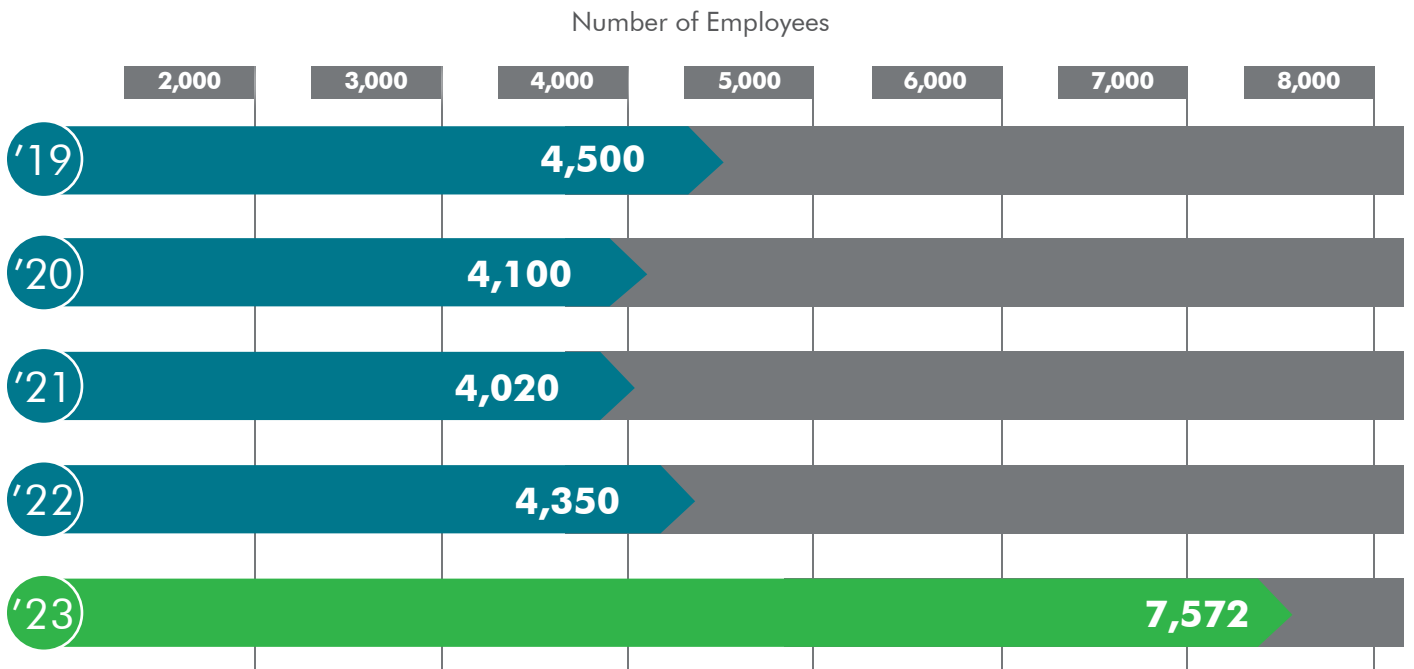
The financial statements above are taken from the independent auditors' reports.

SAFETY SERVICE ASSOCIATION MEMBER ACTIVITIES



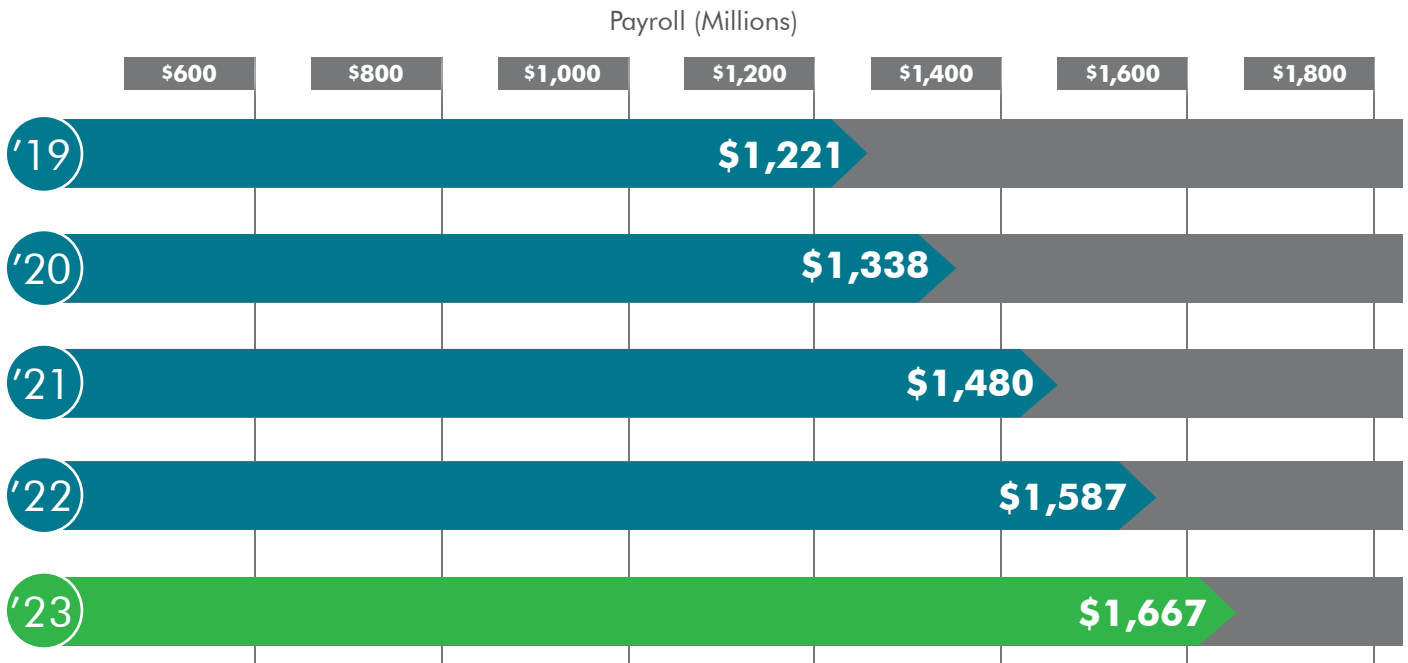
Our Safety Team has visited over 5,500 job sites in the past 5 years.

EMPLOYEES TRAINED VIA TBG RESOURCES



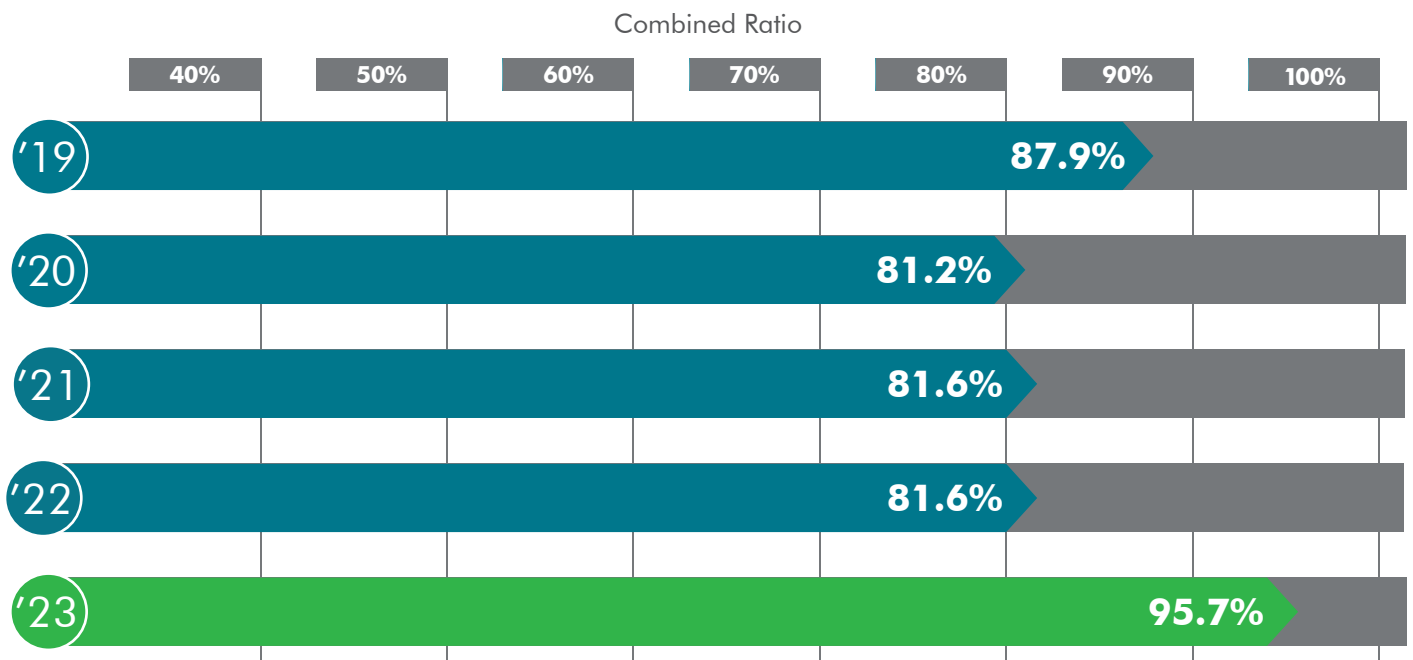
Our Safety Team has trained over 24,500 construction workers in the past 5 years.

MEMBER REPORTED PAYROLL



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

COMBINED RATIO BY YEAR



Our 5 year average combined ratio of 85.6% beats the NCCI published numbers.

TBG EDUCATION FOUNDATION

The year 2023 marked a record-breaking year of giving for the TBG Education Foundation. With the support of our many donors, we gave out a total of \$96,205 in grants and scholarships. The Foundation provided \$44,500 for 31 scholarships, matched dollar-for-dollar by the Foundation's partner associations. In addition, \$51,705 was given to organizations and Minnesota school districts for grants and Tools For Schools programs.

Since its inception in 2017, the Foundation has distributed over \$360,000 in scholarships and grants to trade-based education programs.

From the Tools for Schools program, schools were able to purchase things like tape measures, tool belts, hard hats, a circular saw, materials to build a storage shed, and LEANSAFE ladders.



One school to receive a grant in 2023 was Chisago Lakes High School for improving its Construction Technology Program. As part of the school's quarter-long course, students learn what it takes for a residence or structure to go from the planning and estimating stage through the framing and finishing work process. Students also get to try their hands at electrical and plumbing work. They built a storage shed for the school's track program during the fall quarter.

The construction technology teacher, Mike Sandell, said that increased interest in the school's woodshop program meant the construction tech course needed more space to do its own work. With the \$10,000 grant from the Foundation, the high school could purchase tools and an outside build space. The location of the outdoor build space is highly visible to all students, attracting more young people to the program. Sandell said about 30% of the students who take the course go on to pursue careers in the trades.

"Thanks to TBG for this funding," Sandell said. "I think it is really going to enhance our program and make it more attractive to students to have a space where we can build things."

In addition to working with established partners to distribute grant monies, the Foundation also had the opportunity to support four other school districts' growing industrial technology and construction technology programs.

We look forward to seeing our many generous donors, sponsors, and supporters at the 21st Annual TBG Education Foundation Golf Outing on July 25, 2024, and the Fourth Annual TBG Education Foundation Clay Shoot for the Trades on September 17, 2024. It is never too early to start thinking about putting together a foursome to join us on the greens or forming a team to join us for the clay shoot. Please reach out to Emily at ecutts@tbgmn.com.

**Donate directly to the TBG Education Foundation at
[TBGEDU.ORG/DONATE](https://tbgedu.org/donate)**

2023 AWARDED SCHOLARSHIPS

"In 2023, TBG Education Foundation donated \$22,500 in scholarships in partnership with MBEX awarding 13 recipients... Special thanks to the TBG Education Foundation for its long-standing support that helps make this possible and to all of you who participate in events throughout the year (and often volunteer there). We are very much looking forward to an exceptional sporting clays event, which is dedicated to our scholarship fund."

-David Siegel, Executive Director, Minnesota Builders Exchange



YONES ABDULLAH



ANTHONY ALIOTO



RILEY CORRIGAN



CALE DENK



WILLIAM GOEHLE



OWEN HILL



HANS LAGERQUIST



QUINN MCCALLA



LIAM MCVETY



JORDAN RODENBORG



PAIGE SANDERS



HANS STELPFLUG



BRIDGET WOMACK

UPCOMING EVENTS

Mark your calendars and support the TBG Education Foundation while having fun!



HASTINGS GOLF CLUB
2015 WESTVIEW DR., HASTINGS, MN



GAME UNLIMITED
871 COUNTY ROAD E., HUDSON, WI


WHAT WE DO.


We provide workers' 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 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.