



# ANNUAL REPORT 2020



WE MAKE WORKERS' COMP WORK

[WWW.TBGMN.COM](http://WWW.TBGMN.COM)

Dear Members, Agents and Friends,

Last year was a challenging year for everyone with office shutdowns, mask mandates, social distancing and travel restrictions — we all had a lot to learn about living in a pandemic. Here at TBG, most of us spent the year at home, learning to teleconference and how to be productive remotely. It turns out we accomplished quite a bit from our homes. In fact we had a record year with payrolls up over a hundred million dollars to \$1.34 billion and positive claim development helped increase Member Distribution Payable to over \$58,000,000. It gives me great pleasure to announce that for the 5th year in a row, TBG will be paying another record setting dividend to qualifying members in 2021.

But beyond the management of the funds' key performance indicators, our team pulled off some amazing feats in spite of a world-wide pandemic. We put on one of the few charity golf tournaments last summer and raised a record amount for the TBG Education Foundation to fund grants and scholarships. Our Safety Services Team found creative ways to make safety training and resources available to members and their employees. From Zoom and socially distanced training sessions to a new video library — they found ways to help members work safer and smarter. We added Dr. Vijay Eyunni as our in house Medical Director to assure injured members get the appropriate level of care and get started on the right path of recovery. We've filled key roles in the marketing and claims departments. We've defined our needs and outlined plans for a major office remodel that will help us get back to normal and be more prepared for the new normal.

As I look back on the last year and all that has happened... I am astonished at how well we've weathered the storm. It proves that together as agents, members and TBG staff, we've built the sustainable fund we've been striving for. Nearly 25 years ago, a group of concerned tradespeople determined if the right people got together and acted responsibly they could overcome the high cost of workers' comp in the trades. Today, as we stand on the brink of our 25 year anniversary, we achieved what they envisioned. Thanks to all of you for making this possible.

Sincerely,



Stu Thompson, CEO



## 2020 AT A GLANCE

**\$1.3 BILLION**A new high-water mark  
in member reported payroll**6 YEARS**Consecutive years posting  
a billion+ in reported payroll**\$58.5 MILLION**A new high in our  
Member Distribution Payable Fund**\$5.5 MILLION**Member dividend  
being paid in 2021**13%**The percent of members who  
elected other states coverage**98%**

Member retention rate

**21,335**TBG Member employees trained  
in the last 5 years**\$45,962,933**

Premium earned in 2020

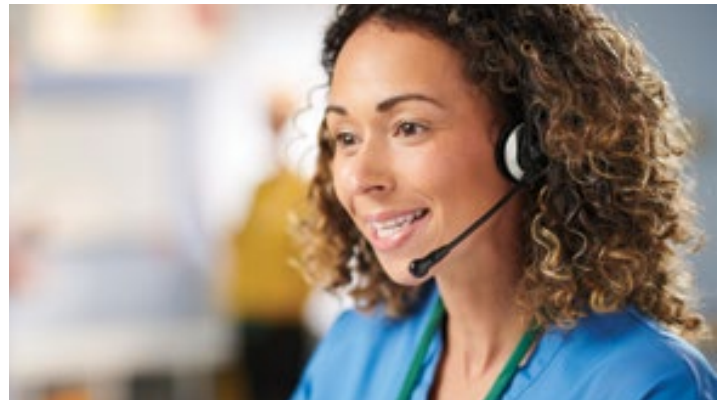
**\$63,511**Dollars raised during the 2020  
Education Foundation Golf Outing

## A NEW STANDARD IN MEDICAL DELIVERY

Years ago we envisioned a telephonic medicine hotline that would give workers instant access to professional health care providers from the job site. The idea was simple and practical — with one call you get an expert opinion on whether an injury should be self-treated or if additional interventions are needed. Little did we know, that in 2020, our NurseCare Hotline would basically become standard practice in medicine.

Throughout 2020 the NurseCare Hotline has been the voice of calm reassurance for injured or sick workers. Now more than ever, the NurseCare Hotline is providing the professional, remote care benefits to our members that we had hoped for. This first step intervention in injury diagnosis has resulted in 30% of all calls, remaining at work with only minor, NurseCare directed self-care and foregoing trips to a clinic. That saves the the employer lost productivity and gives everyone the peace of mind knowing that the worker was cared for at the highest level.

As we enter the summer, look for an announcement for the new TBG NurseCare App. Our new and improved mobile interface will give members and their employees reliable telemedicine at their fingertips anytime, anywhere... along with several other cool features that make the NurseCare Hotline even more valuable.





## WELCOME BRAD BAKER



■ Brad Baker has been heading up the claims team for a little over a year and is bringing many strategic improvements to the department.

Brad Baker joined TBG as Claims Manager in early 2020 and worked alongside veteran claims expert Jim Jester who was poised for a June retirement. Brad came to TBG after accepting early retirement from Delta where he was their Claims Manager overseeing a pool of adjusters who worked with Delta's work comp carriers. Brad has enjoyed a smooth transition into his new role citing the philosophies of TBG make for a positive work place. "I like it that TBG demands a higher level of customer service for injured workers, said Baker, here they really put the workers' long-term well being ahead of all else. Plus you get the feeling the members really want their workers to get the right care at the right time".

Now with over a year behind him, Brad is familiar enough with how TBG manages their claims process that he is ready to apply some of his expertise in streamlining the processes, making some software upgrades and tackling reporting.

Brad is currently working on tools to educate members on when and how to file claims. By streamlining the claims process the department believes injured workers will get the right care sooner and the severity and costs of claims can be minimized in many cases.

## TBG WELCOMES PRISCILLA CONWAY

Priscilla Conway joined TBG's team bringing 4 years of experience working with the Builders Association of Minnesota (BAM) and a stint as a fundraiser. Both of those skills were immediately put to use in her role as Marketing/Communications & Events Specialist. Priscilla immediately dove into the task of being our association liaison and has gotten her hands around the many marketing opportunities these partnerships offer and has set a course for a successful year. She has also become the point person for TBG's Education Foundation and is the middle of promoting her first golf outing and preparing for more events throughout the year. Priscilla brings a natural ability to collaborate with others to her role at TBG and has proven to be a valuable asset in bringing the needs and wants of various departments together. Priscilla has quickly become the conduit that the our marketing department needs to keeping building and growing.



■ Priscilla Conway took over the marketing department nearly a year ago and has also become our Marketing/Communications & Events Specialist.

## INVESTING IN THE FUTURE OF SAFETY

Technology is rapidly changing the ability to improve on the job safety. Wearable tech, drones, RFID tech, analysis software and so much more have all emerged with proven applications to help identify threats and spot hazards in order to minimize the frequency, severity and cost of injuries. We are entering an age where we can take a proactive position in protecting our most valuable assets — people. Think about the impact that can have on the well-being of the trades. From recruiting to career longevity, worker welfare and productivity. Not to mention the cost of injuries to trade businesses.

As a self-insured fund, every member of TBG is responsible to do their part for safety. That's why TBG's Board voted unanimously to create the TBG Safety Services Association, as a means to invest in proven technologies that are critical to that mission. Once the Safety Service Association is up and running, it will be tasked with exploring, sourcing, testing and deploying new opportunities in safety such as:

- Supervisor Training Program
- Access to wearable technology for audits and training
- Allows Safety Services to remain at the leading edge of advancements
- Resources and consultation services with no additional cost to members
- Support for OSHA 10 Grants as well as matched funds
- Expanded safety equipment library
- Access to valuable training brought to you by our industry partners
- Addition of new and emerging tech as it becomes available (i.e. drones, RFID tech, software and more)

For years TBG members have enjoyed on-site training, classrooms, hands-on training room, mobile training center and so much more — from Safety Services as one of the many TBG member benefits. TBG's Board of Directors has challenged Safety Services to lead members to the next level of safety for the trades.

The goal is to give every member access to the latest in technology, training and education in the ever changing, ever important world of safety. Look for more news about TBG's Safety Service Association coming soon.



■ New technologies scan a workers' mobility and quickly measures balance, flexibility, posture, asymmetry and susceptibility to injury.



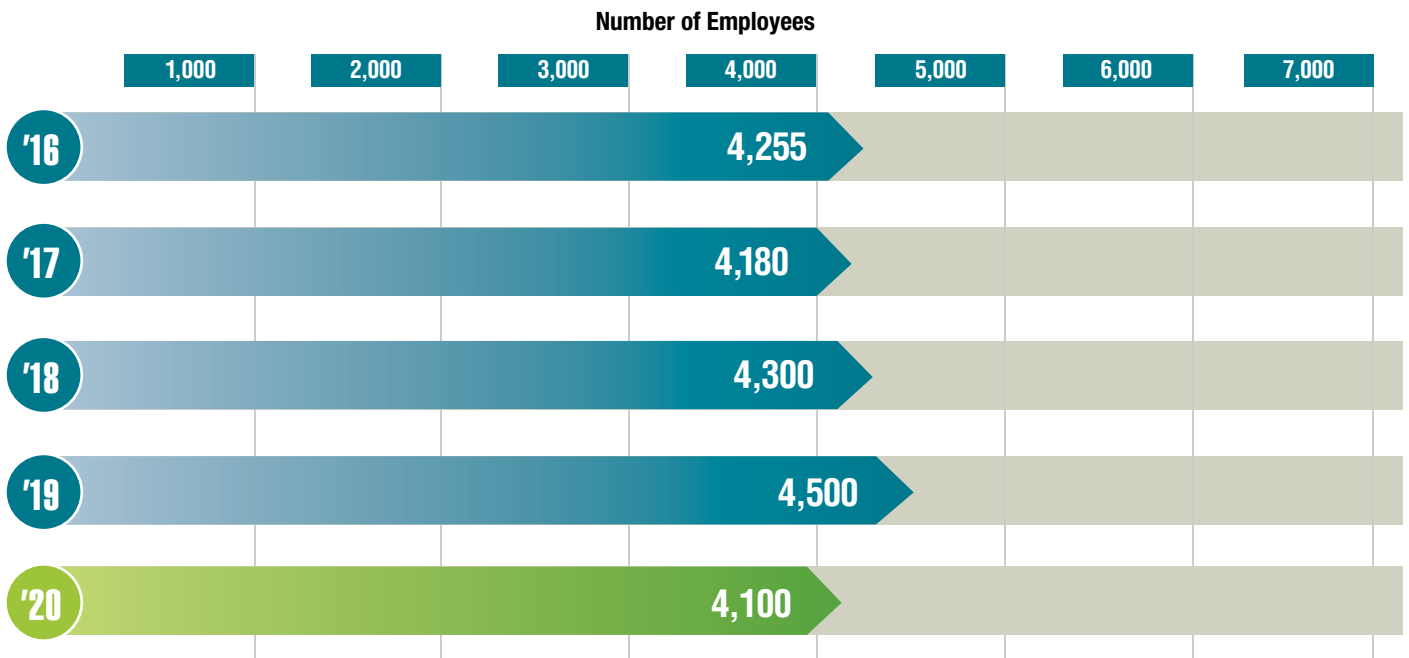
■ The use of drones on job sites to quickly survey areas and prescribe modifications can put another layer insight in job site safety.

## BALANCE SHEET

	2020	2019
<b>Assets</b>		
Cash and Equivalents	20,916,541	18,339,308
Certificates of deposit	31,239,881	31,483,218
Investment in Securities	36,091,365	35,441,126
Investment in Real Estate	7,080,000	7,080,000
Investment in Annuity	1,848,887	—
Investment in Note Receivable	2,296,525	—
Premium Receivables	4,052,790	3,668,321
Other Receivables	332,241	239,093
Reinsurance Recoverable	1,626,478	926,007
Deferred Income Taxes	—	855,730
Fixed Assets	3,268,325	3,343,304
Other	2,415,374	1,924,799
	<b>111,168,408</b>	<b>103,300,905</b>
<b>Liabilities</b>		
Unpaid Losses and Loss Adjustments	34,553,920	35,835,964
Security Deposits	9,663,474	9,064,117
Special Compensation Fund Reserve	5,720,857	5,691,227
Member Distribution Payable	58,521,889	50,233,504
Reinsurance Premiums Payable	115,532	60,392
Accounts Payable and Accrued Liabilities	2,592,736	2,415,702
	<b>111,168,408</b>	<b>103,300,905</b>
<b>Revenues</b>		
Premium Earned	45,962,933	43,691,175
Investment Income	3,069,711	3,998,536
Realized Gains (losses) on Investments	902,888	466,069
Other Income	560,241	173,755
	<b>50,495,773</b>	<b>48,329,535</b>
<b>Expenses</b>		
Losses and Loss Adjustments	25,351,532	26,486,128
Reinsurance	1,385,727	1,200,689
Special Compensation Fund	1,003,765	1,613,382
Commissions	3,619,504	3,285,125
Depreciation	248,357	246,499
Salary & Benefits Expense	1,937,976	2,334,542
General & Administrative Expenses	4,536,928	4,066,865
	<b>38,083,789</b>	<b>39,233,231</b>
<b>(Increase) Decrease in Member Distributions</b>	<b>(11,556,254)</b>	<b>(9,148,973)</b>
<b>Provision for Income (Tax) Benefit</b>	<b>(855,730)</b>	<b>52,669</b>
<b>Net Income (Loss)</b>	<b>—</b>	<b>—</b>

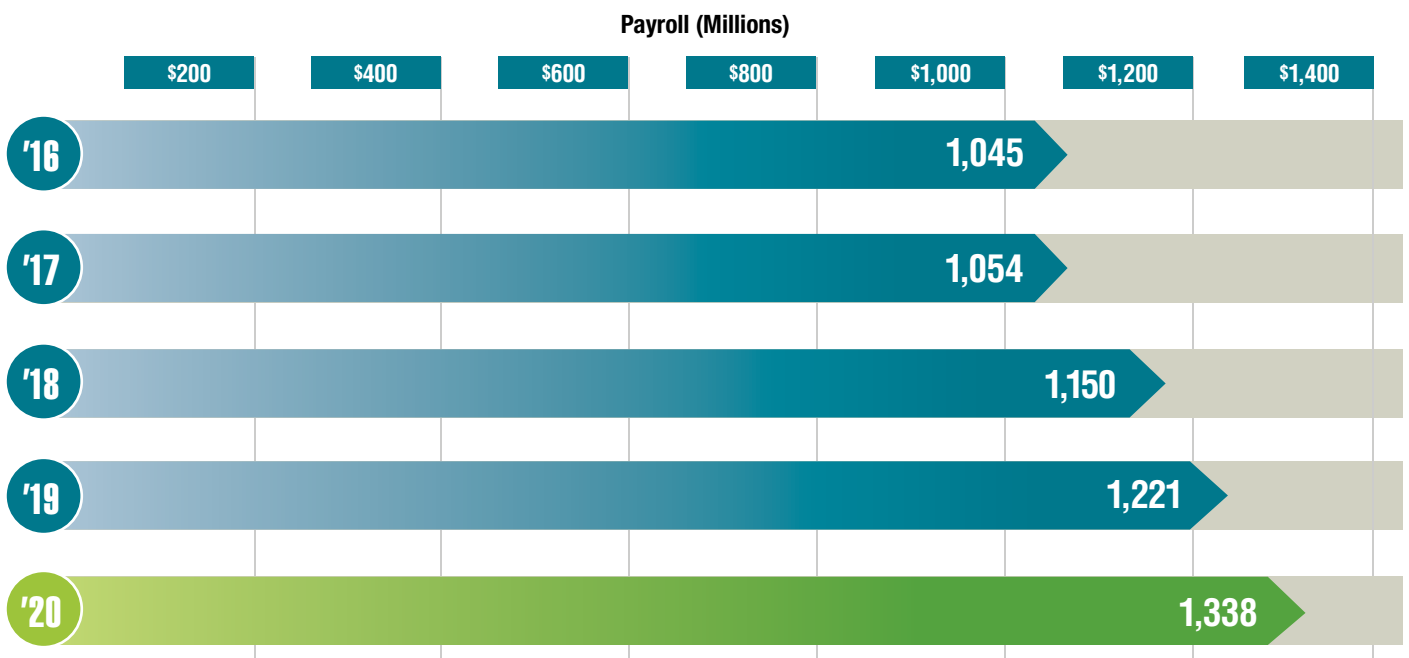
The financial statements above are taken from the independent auditors' reports.

## EMPLOYEES TRAINED VIA TBG RESOURCES



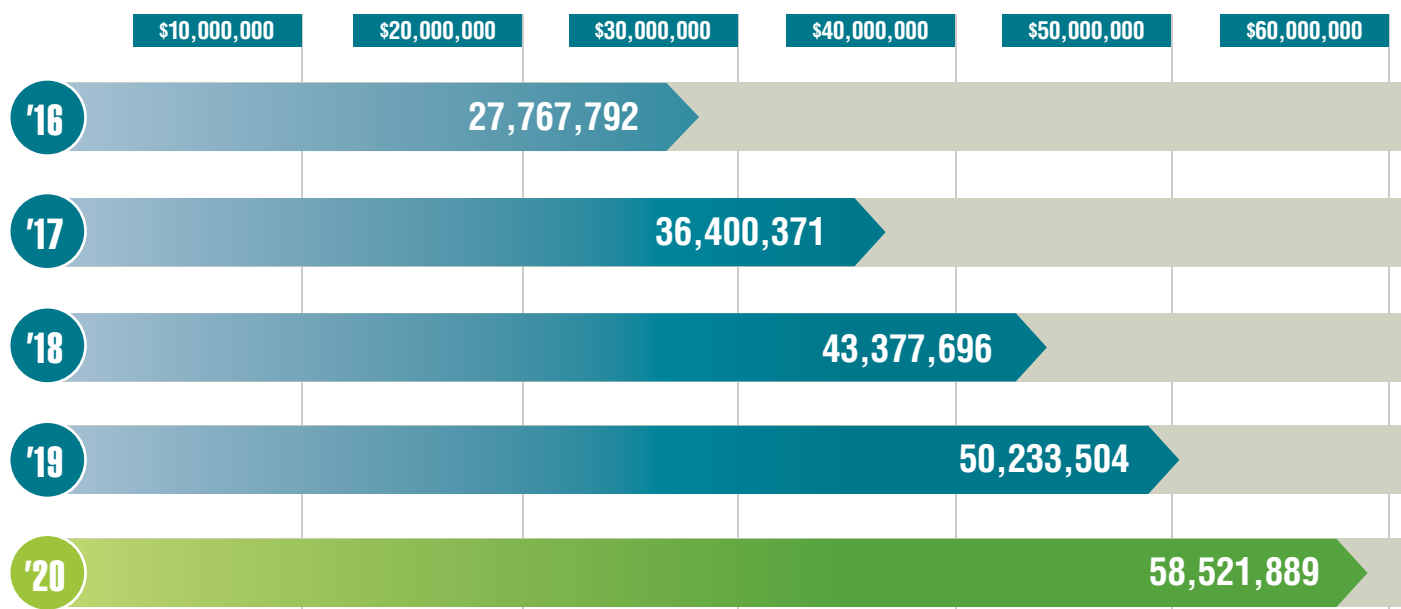
Our Safety Team has trained over 21,000 construction workers in the past 5 years.

## MEMBER REPORTED PAYROLL



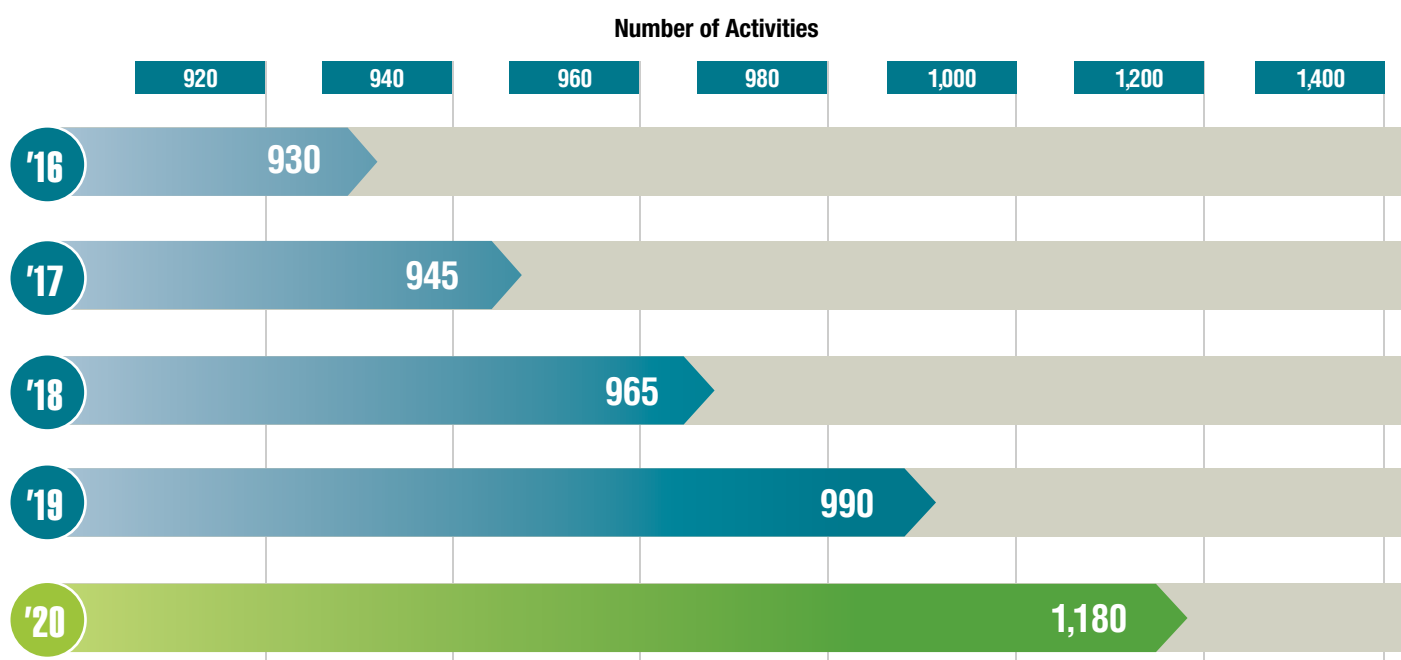
For 6 years in a row we are insuring \$1 billion in annual payroll.

## MEMBER DISTRIBUTION PAYABLE BALANCE



Member Distribution Payable is the account from where future dividends are paid.  
(Dividends are not guaranteed.)

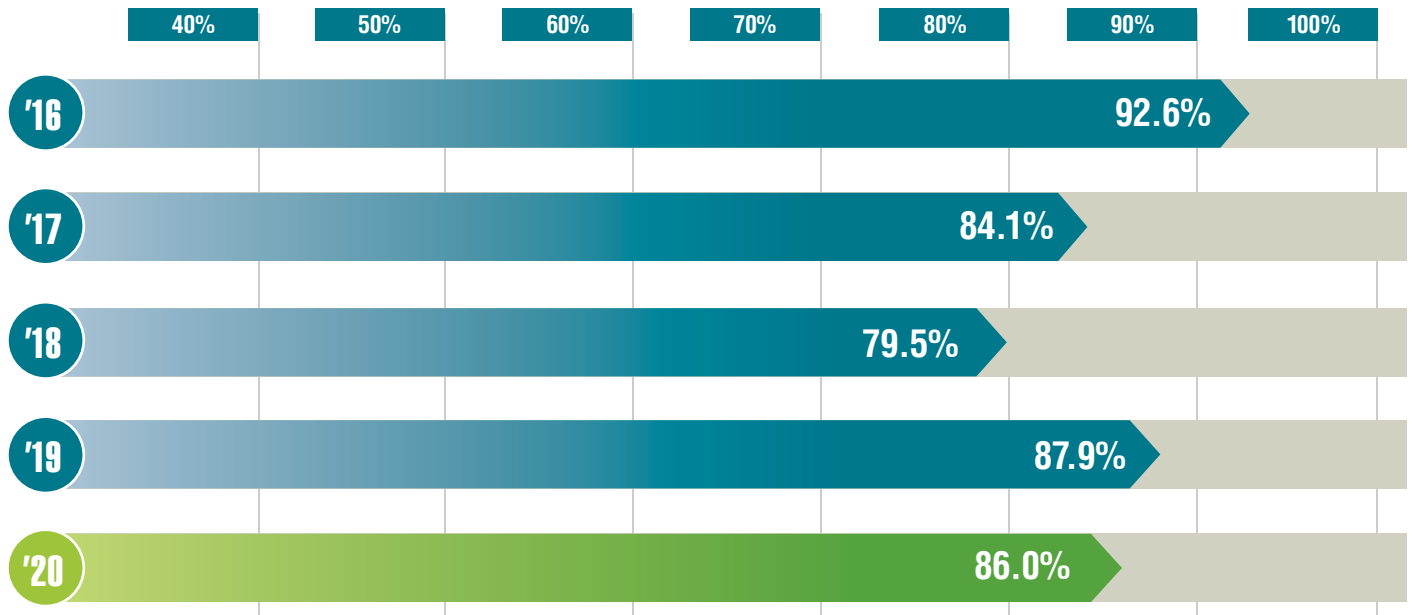
## SAFETY SERVICES MEMBER ACTIVITIES



Our Safety Team has participated in over 4,200 member activities in the past 5 years.



## COMBINED RATIO BY YEAR



## EXPERIENCE THE JOY OF GIVING...TOGETHER



This past Holiday season we tried something a little different for our annual Holiday Gift for our agent partners. Traditionally, we deliver a gift to our agents around the Holidays to show our appreciation of our relationship. But this past year, due to the global pandemic —

getting together with agents to deliver Holiday gifts didn't really fit with the plan for social distancing and there was just so much more need in the communities around us. So we took the money we would normally spend on gifts and donated it, in the names of our agents to three charities across the state that are meeting the needs of people in their communities.

TBG continues to get positive feedback from these charities for this simple gesture. The donations have made such a positive impact in communities served that TBG hopes to continue to support local charities on behalf of our agent partners this coming year.

The responses TBG has received from this simple gesture have been so heartwarming — both from the agents and charities. The following are just a couple examples of the responses we've gotten back from the charities:

“ Sarah, a single mother of two in the lakes area had been laid off in October due to COVID. Even though she had taken a part-time job, she was struggling to make ends meet. Through Bridges of Hope in Brainerd, Sarah and her children received rent assistance and Christmas gifts to tide them over while Sarah continues to search for full-time employment. ”

“ Your gift to The Open Door, a food pantry in Dakota County, helped double the amount of people served monthly since the pandemic started from 7,000 - 14,000. Plus we've helped keep food shelf doors open, add a curbside pick-up option and new stops to mobile routes. ”

## BRINGING SAFETY TO MEMBERS – SAFELY



■ *Safety services took a new turn with more attention being turned to COVID safety concerns.*

When 2020 started, the Safety Services team was coming off of a great year with a full head of steam. We had just completed our first and highly successful Safety Summit, our OSHA 10 training schedule was looking good and we were helping members apply for MN OSHA grants in increasing numbers. We were poised to make a positive impact on the health and safety of our members. But then, just 3 months in COVID hit the fan and we had to throw out our playbook. The new reality meant that somehow, if safety training was going to be delivered to members, it was going to have to become a more virtual service. And with our members staying busy on the job, we had to find ways to deliver training and support — fast.

Like the rest of the world, ZOOM became a steady diet to serve many of our members' safety training needs. We also invested in a PA system that allowed us to train larger groups outdoors or in warehouses where we could practice social distancing. Of course our mobile training center became a critical piece in our safety tool box and made its way to many parts of the state.

COVID forced us to rethink every way we relied on to help keep members up to date on training. First we had to become leaders in COVID guidance and resources for the trades. Then we had to design programs for construction and manufacturing along with documents, training, toolbox talks and emails to address COVID concerns. On top of that, we began

recording many of our training sessions so they could be quickly distributed to members and easily passed on to their employees. Along that line, we replaced our video training library with a much more robust library that gives members access to on demand training videos. Today, members can find whatever they need to meet their employee safety training needs.

COVID helped us create new channels for training members...from supervisor training and mentoring to deepening our library of written resources and virtual training options. Along the way we've discovered that many members have embraced the benefits of virtual training. In other instances we have seen that it's easier for people to fit virtual training into their schedules and participate wherever they may be. All this leads to improving worker safety and efficiency.

This has been the year of change and here at Safety Services we have come to admit that change is good. Although we were thrown off course in the beginning of the year, we were able to find our bearings and set a new course. Changes have forced us to find new ways to train members and get them the tools and support they need. Change has made us more responsive and efficient. Changes have helped us broaden the tools we use to get safety resources to our members. 2020 was a difficult year for sure. But those challenges have made us uncover opportunities that only put us more in step with our members helping them work safer and smarter.

## TEACHING THE TRADES

The TBG Education Foundation exists to help young women and men discover jobs in the trades. There is perhaps no greater example of how that works, than the relationship between TBG's Education Foundation, Northern Minnesota Builders Association, and the Mesabi Range College. It all started 4 years ago when the Foundation and NMBA matched funds to help the college buy tools for its sorely underfunded carpentry class. That's when we were introduced to Leo Lukas who was promoting trade careers throughout Iron Range schools. As a trade advocate, Leo was mentoring tech teachers in 17 area high schools to help reinvigorate their shop classes. Once high school students are exposed to trade careers, Leo and the Mesabi Range College provide carpentry and construction classes as well as internships and job placement. Together they're not just talking about careers in the trades, they are making it happen.

Partnerships like this are a great example of what could happen if more educators and trade businesses got together to introduce young people to the trades. That's exactly what we're striving for at TBG's Education Foundation and any money you could donate to introduce more young people to the trades goes a long ways toward achieving that goal.



■ The Education Foundation's partnership with associations and schools put scholarships and tools in the hands of young men and women.

## THE FIRST FRUITS OF THE FOUNDATION

Across the state, TBG's Education Foundation along with its partners are doing their parts to introduce young people to the trades. Quite often, we're hearing how our grants and scholarships are helping individuals get started on their careers. Here are just a couple of recent examples:

### BRANDI RUTTEN MBEX PINNACLE SCHOLARSHIP AWARD

Brandi is majoring in both Civil Engineering and Construction Management at the University of Minnesota. In the course of her studies, Brandi has realized her true passion is construction and hopes to be able to work her way up to a project management role and utilize her civil engineering background for communication and comprehension. Brandi graduates in May of 2022.



### JOEL BROBERG MBEX PINNACLE SCHOLARSHIP AWARD

Joel is currently working on a Master of Science in construction project management at the University of Wisconsin-Stout while working full-time through a plumbing apprenticeship program. Joel plans to become a Minnesota/Wisconsin journeyman and eventually obtain his Master Plumbing license in both states. Joel will finish his Construction Management studies in the spring of 2023.





## 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.