



ANNUAL REPORT 2021



WE MAKE WORKERS' COMP WORK

MESSAGE FROM CEO STU THOMPSON

Dear Members, Agents and Friends,

We had another outstanding year in 2021 marking new highs for covered payroll, premium collected and contributions to Member Distribution Payable for the fund!

At TBG, we continued to work remotely, which turned out to be an opportunity to remodel our offices without any interruptions to our work or services. Like everyone else, we experienced material issues and worker shortages, but the project should be completed by June. If you are in the area, stop by and take a tour of the changes, as I am sure you will be impressed.

Throughout the pandemic, the construction industry has seen demand increase along with material cost increases that seemed to have no upper limit. In addition, labor and material shortages made completing projects very challenging. Despite this, 2021 was another excellent year not only on a financial basis but also from a safety standpoint for TBG.

An important benchmark we use is lost time injuries per \$100 of payroll, which is down 57.3% since 2015! It proves how our collective workforce genuinely meets our goals of working safer, smarter, and more profitably. Our job together is to keep workers from injury, and should an injury occur, get them the best care available to restore pre-injury health. This one statistic illustrates how effectively we meet our objectives as a fund.



Here are some 2021 highlights

- *Premiums over \$48 million*
- *Reported payrolls exceeded \$1.4 billion for the first time*
- *Record Dividend Payment of over \$5.6 million*

Besides the financial performance in 2021, we are excited about the future of the TBG Education Foundation, the Safety Service Association, and the captive – TBG IC, Inc that was formed in 2021.

Our charity golf tournament last summer raised a record amount for the TBG Education Foundation. The money raised goes towards scholarships and grants to purchase tools for schools throughout the state. We partner with industry associations and ask them to match funds. Last year 27 scholarships were awarded, and the amount donated for both programs totaled almost \$70,000! With matching funds from our industry association partners, that total is doubled! TBG will continue to support the industry and encourage students to consider the trades as a career.

The Safety Service Association was formed to continue to be able to offer cutting-edge safety programs for our Members. Safety equipment is getting more sophisticated and expensive, so this is a way to share the cost among the Members. Watch for other benefits like discounts off products and educational sessions. The benefit to Members will continue to grow over the years.

The decision was made to form a captive insurance company – TBGIC Inc. – as a safeguard in the event there is a deficit in a year. The deficit would be paid from the captive up to the policy limits – another financial safeguard against a potential assessment.

25 years ago, a group of concerned tradespeople determined that if the right people got together and acted responsibly, they could overcome the high cost of workers' comp in the trades. Today, as we plan the celebration of 25 years, we have achieved what they envisioned – a financially stable fund for the construction industry! Thanks to all of you for making this possible!

Sincerely,

A handwritten signature in black ink that reads "Stu Thompson". The signature is fluid and cursive.

Stu Thompson, CEO

2021 AT A GLANCE

\$1.48 BILLION

A new high-water mark
in member reported payroll

7 YEARS

Consecutive years posting
a billion+ in reported payroll

\$78.8 MILLION

A new high in our Member
Distribution Payable Fund

\$5.6 MILLION

Member dividend
being paid in 2022

13%

The percent of members who
elected other state's coverage

98%

Member retention rate

4,200

TBG Member employees
trained in the last 5 years

\$48,759,548

Premium earned in 2021

\$69,263

Dollars raised during the 2021
Education Foundation Golf Outing

ADAM TRIPP

We are pleased to announce the promotion of Adam Tripp to the TBG Director of Safety Services. A long-serving member of our team, he has been with us since 2006, coming to us directly from completing a graduate program in Environmental Health and Safety at the University of Minnesota-Duluth.

As the previous TBG Safety Services Manager, Adam takes pride in his department serving as a resource for our members and associations within our related industries. In addition to providing support and training at past TBG Education Foundation events, he has sat on several different industry association committees to represent TBG and provide a safety perspective. One highlight is the ongoing collaboration with TBG Safety Services and Associated Builders and Contractors (ABC) to bring the Safety Trailer initiative to life - a mobile safety training unit that can simulate real-life job site hazards, regarded as the "next level" in workplace safety training.

Adam firmly believes in the importance of supporting the construction industry as a whole; as he asserts, "Anything we can do to support the industry, we will allocate resources accordingly. Fortunately, our association and agency partners support our efforts, and we are equally dedicated to supporting theirs. Everyone benefits from safety when you collaborate."

Adam carries this spirit with him as he steps forward into his new leadership role. In this capacity, he envisions himself as a brand ambassador for the TBG Safety Service Association and intends to serve as the point person for any future initiatives. His primary goal for the association is to grow the offerings and resources and provide cohesive added value for members.

But this initiative is only possible with the help of a strong team which Adam feels fortunate to have, both in his own Safety Service department and across TBG as a whole. As he describes it, "everyone is collaborative, open, honest, and has a variety of skill sets that add value and safety to our members. There is a strong dedication to safety throughout the company. We are nimble enough to always simply do what is right for our members, and that is vital. As Stu Thompson, TBG CEO, sums it up nicely - 'do what you feel is right on behalf of the members, and everything else will fall into place.'"



THE VALUE OF TBG SAFETY SERVICE ASSOCIATION



As your partner for working safer and smarter to be more profitable, we at the TBG Safety Service Association are committed to bringing your organization resources that benefit everyone.

The TBG Safety Service Association is a non-profit organization developed to serve the safety needs of TBG members by providing “members-only” access to training, equipment, industry experts, and proven technologies.

Founded on TBG’s highly regarded Safety Services Department, the Safety Service Association embraces the soul of TBG Safety Services and expands our offerings to reflect the rapidly developing world of technology, training, education, and safety equipment.

We understand our members have a lot to manage; that is why you can rely on us to be your partner in safety to help focus on what it takes to keep employees safe and productive.



THANKS TO THE SAFETY SERVICE ASSOCIATION, WE’VE INTRODUCED EXCITING NEW OPPORTUNITIES AND OFFERINGS TO OUR MEMBERS!

Modernized
Training Facility

Wearable Technology

Expanding Our Safety
Services Team

Purchasing Powered
Manual Material
Handling Equipment

Additional Spanish
Resources

Safety Service Association
Monthly E-Blast

**PLUS FREE AND DISCOUNTED PRICING ON
SUPERVISOR LEADERSHIP TRAINING AND OSHA-10S!**

We're 100% committed to supporting our members' needs and growing our safety offerings to match.

The value of the Safety Service Association was front and center in the two-part Supervisor Leadership Series held at TBG this spring, where we partnered with Tom Esch from Esch Consulting. Tom is an industry leader known for his work promoting company culture improvements through improved communication.

The course focused on how a lot is being asked of supervisors and foremen in today's highly competitive world. Few people have more influence over employee safety than those leading the job sites. Due to mounting pressures from complicated projects, tight production schedules, labor challenges, etc., there is a clear need to rethink our traditional way of promoting and training supervisors from within. Gone are the days of "figuring it out as you go." When leaders are trained properly, they're able to develop the crucial skills needed to effectively lead employees and projects to successful outcomes. Taking a step back to develop listening and clear communication skills matters more now than ever. Investing in the leaders within your company affords them the vital tools necessary to have difficult conversations promoting safety and accountability clearly and productively without burning bridges.

Regardless of where you are along the safety spectrum, the TBG Safety Service Association is looking out for our members to provide you with safety and peace of mind. At just \$15 a month per member, peace of mind comes cheap. Thank you to all our members for making this opportunity possible. If you have any questions or would like a one-on-one preview of the TBG Safety Service Association, please feel free to contact your TBG Safety Service rep.

Every year we provide training to about 4,000 participants at our training center and in the field. These guided workshops give your employees cutting edge information and training on a wide variety of topics such as:

- Excavation Safety
- Electrical Safety
- Scaffolding Safety
- Hand & Power Tool Safety
- Fall Protection
- Personal Protective Equipment
- Ladder Safety
- Safety Equipment Training
- Health Hazards

Our unique mobile safety trailer travels the state bringing members training such as OSHA 10, fall protection, ladder, confined space, tool safety, and much more. Our safety trailer, along with our trainers, provides unmatched hands-on training no matter where you are located.



Thanks to the Safety Service Association, the Supervisor Leadership Series was the first of more free industry-leading training offerings focusing on cultural and or compliance challenges we know our members face. Building on this momentum, be on the lookout for more exciting developments such as:

- Partnership with SiteDocs – a digital solution to managing the documentation and implementation of your safety policies and procedures.
- Conducting research surrounding an innovative exoskeleton product on the market.
- Additional resources of manual material handling resources.
- Development of hands-on demonstrations in our newly updated state-of-the-art training facility.

TBG FORMS A CAPTIVE INSURANCE COMPANY



Since our inception in 1997, TBG has always looked for ways to reduce the possibility of assessing the Membership. The latest protection is the formation of a Vermont domiciled captive – The Builders Group IC, Inc. This captive helps protect the Membership against an assessment if a deficit occurs in a fund year. Tax requirements do not allow monies to be transferred from one year to another to cover a deficit; each fiscal year is required to stand independently. Having the captive, if a deficit would occur, the captive would respond up to the policy limits. This captive adds another layer of protection for our Members.

All Members of The Builders Group (TBG) have signed a Joint and Several Liability contract, a self-insurance requirement. Under this contract, Members have agreed they would be joint and severally liable for their prorated portion if a deficit occurred in a fund year. Please don't panic; TBG has never assessed our members since our inception in 1997.

TBG must also collateralize our current and future claims liabilities for all years at 110% of the estimated claim liabilities with our regulator – the Department of Commerce. Our actuary calculates the amount each year and was a little over \$41,000,000 in 2021.

TBG collateralizes the requirement with an irrevocable letter of credit and a bond. This captive and TBG having an audited financial statement and certified actuarial report completed each year are additional financial protections for our Members.

As a Member, you can be reassured TBG will continue to look for ways to protect our Members. All while providing cutting-edge Safety Services, Personalized Claims Management, Cross Border Coverage, Pay-As-You-Go premiums, the TBG Nurse Care Line, and return dividends in a fiscally responsible timeframe.

WHAT OTHER SAFEGUARDS ARE THERE?

TBG has also completed what is known as a Loss Portfolio Transfer (LPT) for the 2000 to 2019 fund years. In a loss portfolio transfer, a re-insurer assumes an insurer's existing open and any future claim liabilities for the transferred years. An LPT protects TBG Members against any future adverse claims development in the years transferred – another level of protection.

THANK YOU FOR BEING SO LOYAL TO THE BUILDERS GROUP!

CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

ASSETS	2021	2020
Cash and Equivalents	24,217,127	20,916,541
Certificates of Deposit	31,939,830	31,239,881
Investment in Securities	42,692,231	36,091,365
Investment in Real Estate	7,080,000	7,080,000
Investment in Annuity	1,909,866	1,848,887
Investment in Note Receivable	2,869,657	2,296,525
Premium Receivables	4,444,843	4,052,790
Other Receivables	306,505	332,241
WCRA Distribution Receivable	11,872,488	-
Reinsurance Recoverable	1,959,591	1,626,478
Fixed Assets	3,602,449	3,268,325
Goodwill	2,279,570	-
Other	2,353,108	2,415,374
	137,527,266	111,168,408

LIABILITIES	2021	2020
Unpaid Losses and Loss Adjustments	38,720,001	34,553,920
Security Deposits	9,935,492	9,663,474
Special Compensation Fund Reserve	4,576,500	5,720,857
Member Distribution Payable	78,859,474	58,521,889
Note Payable	1,175,050	-
Reinsurance Premiums Payable	118,295	115,532
Accounts Payable and Accrued Liabilities	4,142,452	2,592,736
	137,527,266	111,168,408

INCOME STATEMENT

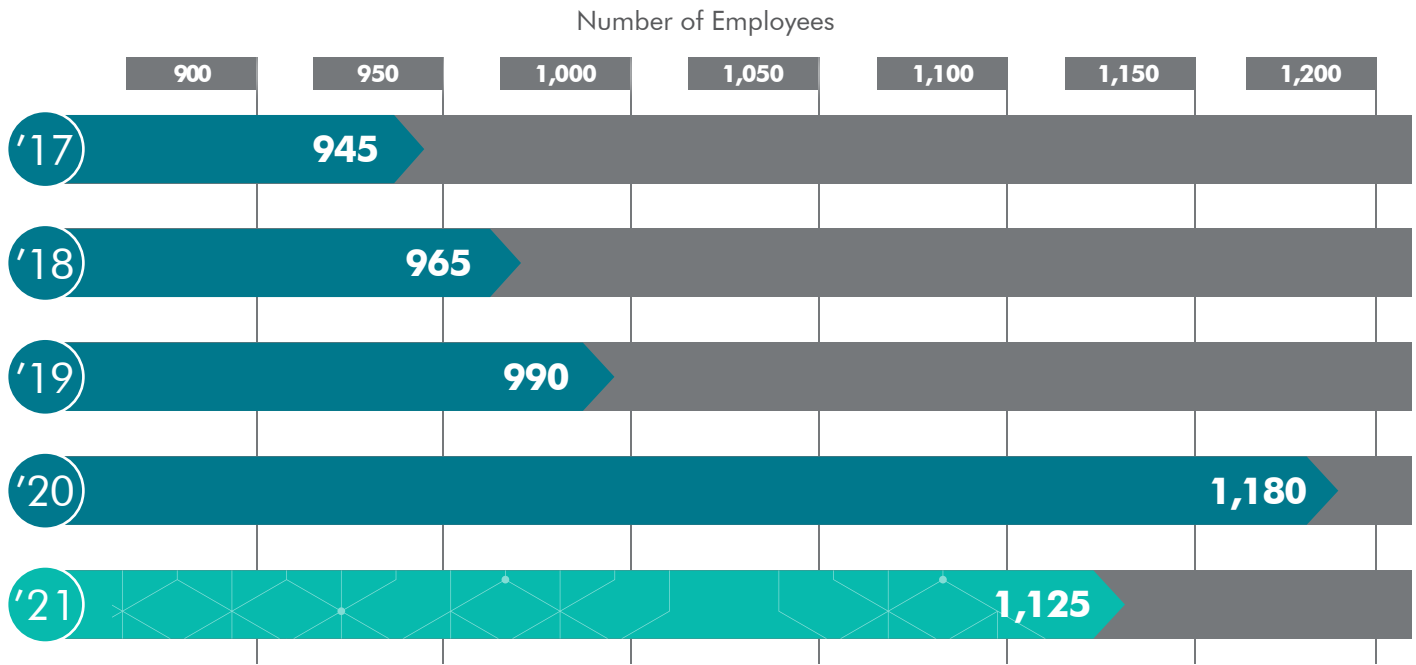
REVENUES	2021	2020
Premium Earned	48,759,548	45,962,933
WCRA Distribution	11,872,488	-
Investment Income	4,241,711	3,069,711
Realized Gains (Losses) on Investments	1,482,935	902,888
Other Income	948,591	167,901
	67,305,273	50,103,433

EXPENSES	2021	2020
Losses and Loss Adjustments	27,807,893	25,351,532
Reinsurance	1,336,182	1,385,727
Special Compensation Fund	3,211	1,003,765
Commissions	4,091,388	3,619,504
Depreciation	378,615	248,357
Salary & Benefits Expense	2,801,408	1,937,976
General & Administrative Expenses	4,551,909	4,144,588
	40,970,607	37,691,449

(Increase) Decrease in Member Distributions	(26,334,667)	(11,556,254)
Provision for Income (Tax) Benefit	-	(855,730)
Net Income (Loss)	-	-

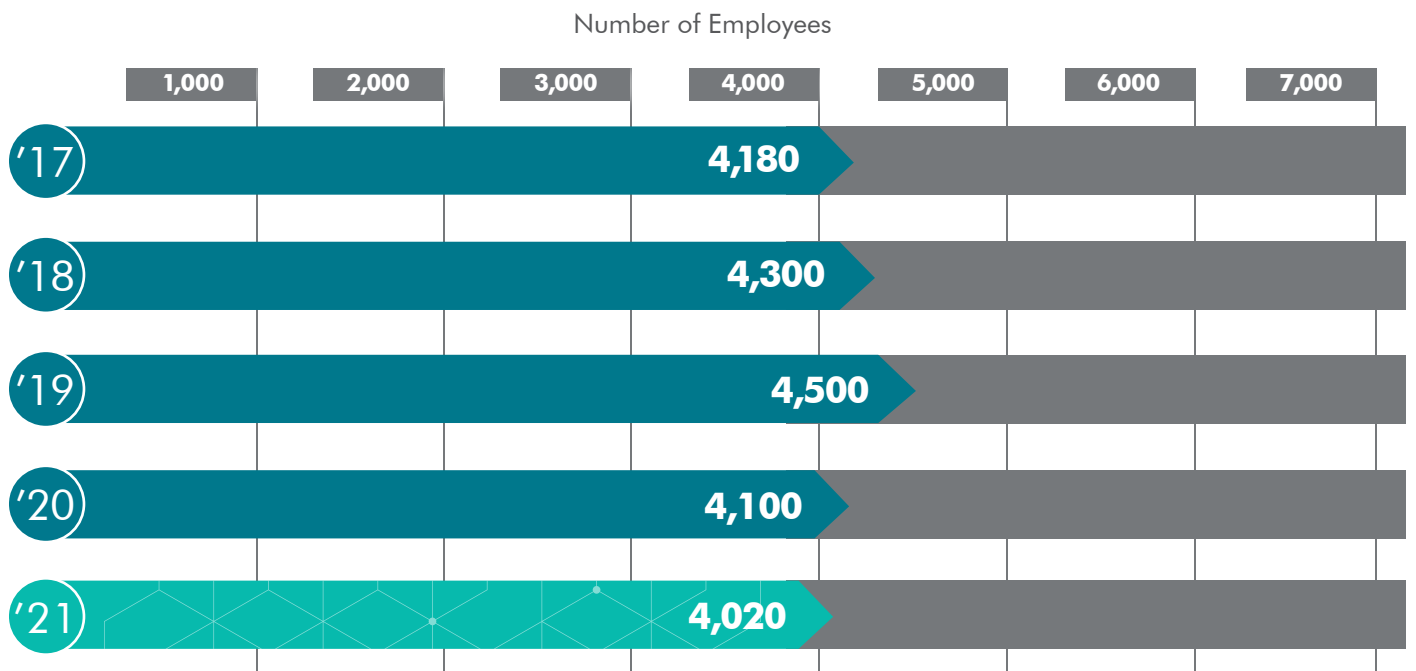
The financial statements above are taken from the independent auditors' reports.

SAFETY SERVICES MEMBER ACTIVITIES



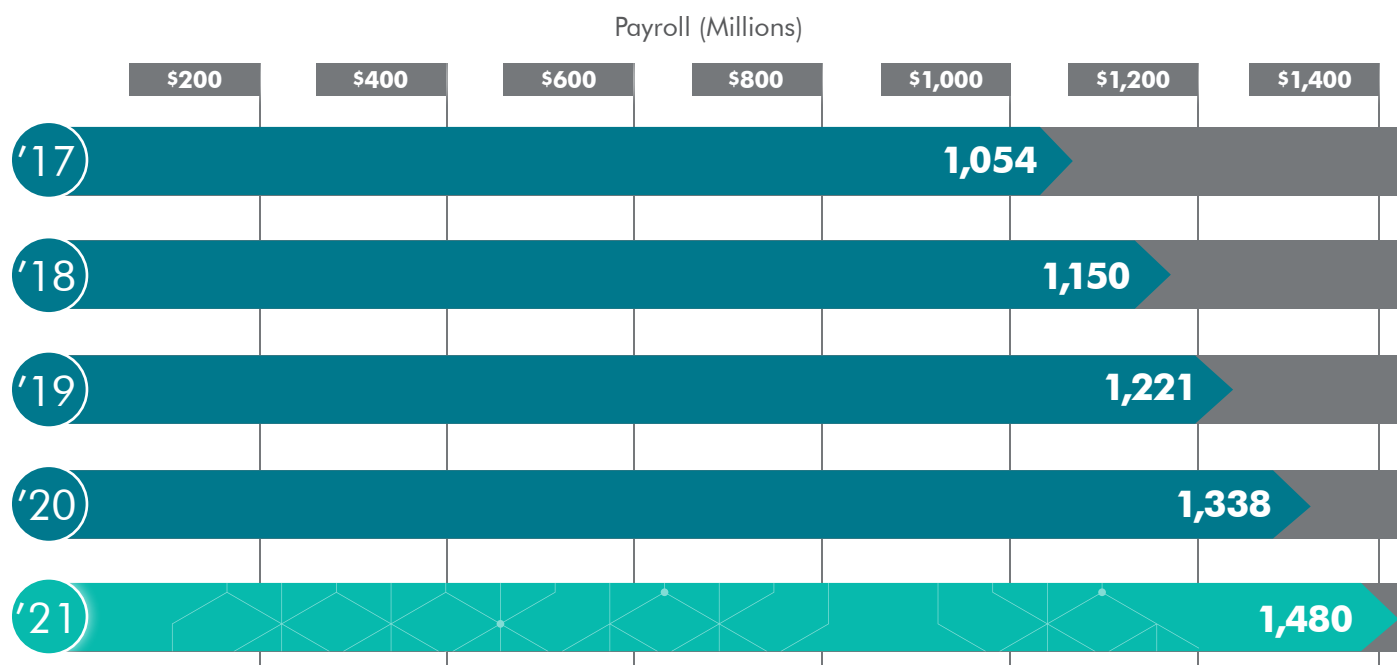
Our Safety Team averages over 1,000 Member Activities Per Year.

EMPLOYEES TRAINED VIA TBG RESOURCES



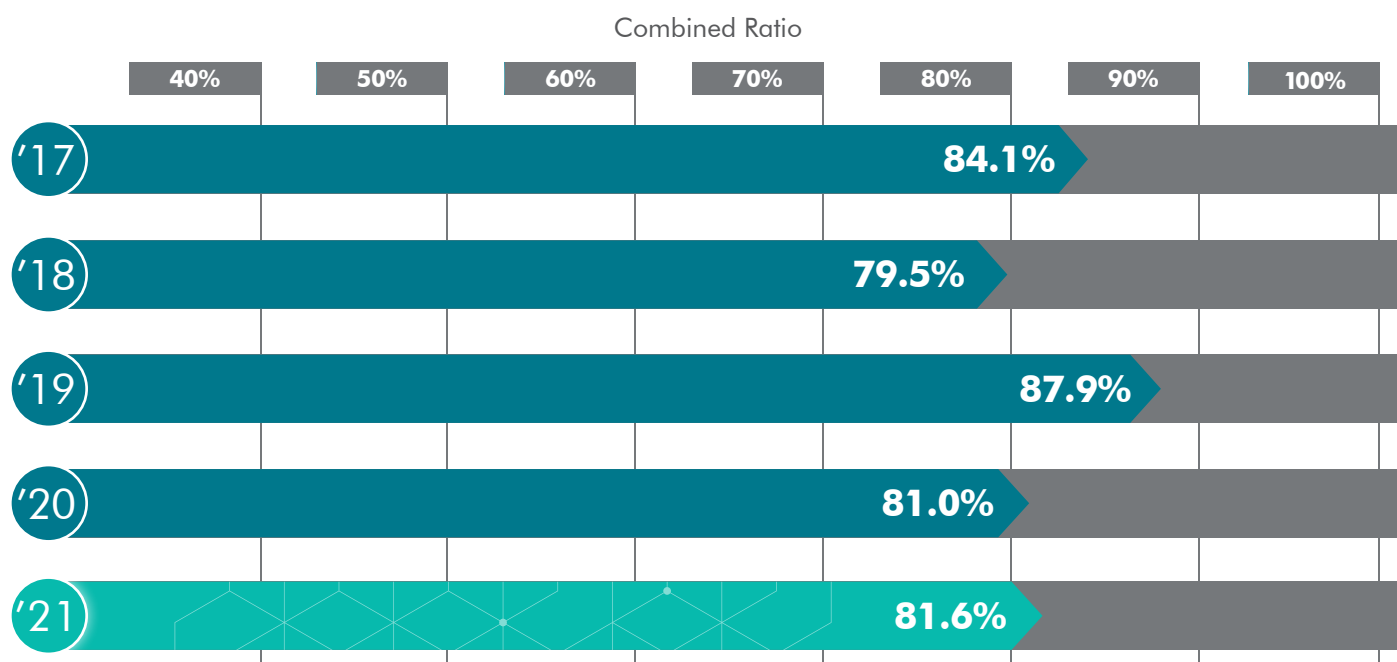
Our Safety Team has trained over 20,000 construction workers in the past 5 years.

MEMBER REPORTED PAYROLL



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

COMBINED RATIO BY YEAR



Our 5 year average combined ratio of 84.7% continues to beat the NCCI published numbers.

WHAT IS THE EDUCATION FOUNDATION?

For 7 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 its attention on encouraging students to consider the trades as a career. The Great Recession was devastating to the construction trades as the unemployment level was over 50%! This caused a workforce shortage as former workers had found other careers when the industry rebounded. In addition, a negative stigma seemed to exist that working a blue-collar job isn't a life-sustaining career option worth making. Many high schools no longer offered shop classes, so students could not even get the opportunity to explore the trades.



The TBG Education Foundation has worked to help bring awareness of the opportunities in the trades by raising \$265,169 since 2017 and donating it back to the industry through scholarships, grants, and tools for schools. In 2021, the money raised by the Foundation amounted to \$34,500 for 27 scholarships, which are matched, dollar for dollar by the Foundation's partnering associations, and \$25,246 for grants, internships, and tools for school programs throughout the state, with \$69,263 raised in total that year.

Each year, the TBG Education Foundation raises money by hosting a golf outing and will be hosting their second annual TBG Education Foundation Clay Shoot for the Trades in the summer of 2022. 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 their 19th Annual TBG Education Foundation Golf Outing on July 21, 2022, and their 2nd Annual TBG Education Foundation Clay Shoot for the Trades on August 30, 2022. We invite you to join us as we continue to raise awareness and assist in the opportunities that exist in the trades!



2021 AWARDED SCHOLARSHIPS



Alexus Jackson

Received a \$3,000 MSA/TBG Education Foundation Scholarship and is attending Dunwoody College of Technology.



Noah Koep

Received a \$2,000 MBEX/TBG Education Foundation Scholarship and will be attending Alexandria Technical and Community College for carpentry.

UPCOMING EVENTS

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

Then, mark your calendars and join us on July 21st for our 19th Annual Golf Outing! Then, get ready for our 2nd Annual Clay Shoot for the Trades on August 30th.



GOLF OUTING

7/21 | 11AM - 7PM

**WILLINGERS GOLF CLUB
6797 CANBY TRAIL
NORTHFIELD, MN 55057**



CLAY SHOOT

8/30 | 1PM - 5:30PM

**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.