



MUTUAL INTERESTS

» \$2.8 Million Dividend Distribution Rewards Policyholders



» Safer policyholders means fewer injuries which can translate into a greater chance of dividend distribution.

If there was any doubt in policyholders' minds that safety pays, it will soon vanish when Builders Mutual distributes a \$2.8 million dividend to eligible policyholders in April 2007. The amount exceeds the previous \$2.5 million dividend the company distributed to policyholders in 2004.

Of the 23 years Builders Mutual has been in existence, a dividend has been returned a remarkable 18 of 22 eligible years. To be eligible for a dividend return, policyholders must have a favorable loss experience. Builders Mutual could not provide such a large dividend without the help of its dedicated policyholders who utilize effective risk management practices to keep their losses to a minimum.

Vice President/Chief Marketing Officer Mike Gerber is enthusiastic about the reflection the dividend distribution has on Builders Mutual's risk management efforts. "With innovative programs such as No Fall Zone, enhanced by comprehensive educational programs provided through Builders University for Our Policyholders, there's no doubt that BMIC policyholders are taking their workers' safety into their own hands. By focusing on safety education and the positive effect it can have on reducing injuries," Gerber adds, "Builders Mutual can continue to keep claims down."

The value-added services available through the Risk Management department at BMIC provide the tools necessary to create a safe working environment, but it is up to policyholders to ensure these safety practices are maintained. In fact, it's in a policyholder's best interest—financially and otherwise—to maintain the highest standard of safety practices in the workplace.

Fewer injuries can translate directly into fewer costly delays, increased productivity and a greater chance of a dividend distribution.

Builders Mutual applauds its policyholders for their outstanding safety efforts in 2006. "As long as we find a receptive audience to our safety education and training," Gerber concludes, "we'll feel like we're doing our job of protecting our policyholders and contributing to their well-being and success."

Safety That Pays You Back: That's Service Outside the Box.



» Builders Mutual's Board of Directors present a check for \$2.8 million to eligible policyholders during the NCHBA's first quarter board meeting in Greensboro, NC. From left: Buddy Hughes, Greg Isenhour, Ray Rhodes, Paul Mullican, Brad Moock, assistant vice president of business development, Katie Gahr, marketing coordinator, Jerry Cowan, senior territory manager, Dave Stormont.

Builders Mutual
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» New Club of Old Friends — Founders Club



» Al Sartain, senior risk management consultant (left) and Jerry Cowan, senior territory manager (right) present a Founders Club plaque to Steve Smith (center) of J.W. Smith Construction Company, Inc.

Were you there when it all began? Think back to 1984. Ronald Reagan was our President, Wendy's launched its "Where's the beef?" campaign, the Raiders won Super Bowl XVIII by a 29-point margin, and *Ghostbusters* grossed more than \$200 million. That same year, the North Carolina Home Builders Association formed the North Carolina Home Builders Self Insurers Fund as a response to members' need for affordable workers' compensation. You now know the Fund as Builders Mutual Insurance Company (BMIC).

In 1984, Trollinger Construction was first in line to purchase a policy, and has been a loyal policyholder ever since. Now, Builders Mutual wants to say, "Thank you!" to Trollinger Construction and 41 other long-standing policyholders by inducting them into the Founders Club.

Loyalty alone didn't give them Founders Club status. Like Trollinger Construction, Founders Club members have documented safety programs and proven track records demonstrating their commitment to safety. These companies model safe work environments and have excellent loss ratios.

Our risk management team has been busy presenting plaques to the newly inducted Founders Club members across the state of North Carolina. We have welcomed many policyholders over the years in North Carolina, South Carolina, Virginia, and Tennessee. But, there are only a few companies who have been our partners since 1984. Builders Mutual is proud to do business with these outstanding companies and we are pleased to honor our 22-year relationship with each of them.



» John King, Southern Insurance Agency, Inc., and Troy Meads, president of Northeastern HBA, look on as Nathan Hurdle, Hurdle and Webb Construction Company, receives a Founders Club plaque from Eddie Allen, risk management consultant.

» A.M. Best Rating Reaffirmed

In January, A.M. Best Company, the leading source for information on the financial condition and operating performance of insurance companies worldwide, reaffirmed Builders Mutual's rating of "A" (Excellent).

According to A.M. Best, the rating "reflects the company's favorable operating history, sound reserve position and strong niche market presence in the residential construction market with a specific focus on workers' compensation. These positive attributes are supported in part by the company's local market expertise and affiliation with the North Carolina Home Builders Association (NCHBA). Strong underwriting results have contributed to solid earnings, providing internally generated growth in surplus over the last five years."

Congratulations to us all! Maintaining this rating is a joint effort and we couldn't have done it without you. Thank you for your commitment to Builders Mutual!



» Preparing for an Audit



» Premium Audit information as well as contact information for all premium auditors can be found on buildersmutual.com. Go to Policyholders and click Audit Information.

Do you have questions about your audit? What information do you need? How long will it take? Who is your auditor? Completing a physical audit with Builders Mutual is not intended to be a painful experience and, if you have all the necessary information available, it won't be.

When it's time for your audit, your premium auditor will need to review the following records:

- Books of original entry (payroll journals and/or individual earnings records)
- Federal and state employment tax reports
- General ledger
- Cash disbursement journals (or checkbooks)
- Certificates of Insurance for subcontractors (certificates must cover the time the subcontractor worked for you); for General Liability, subcontractors must have limits of at least \$300,000 per occurrence, \$600,000 General Aggregate and \$600,000 Products/Completed Operations

Once your audit is complete and has been processed, you will receive a Final Audit Statement. If you find any discrepancies on the Statement, you have 15 days from the date of the Statement to submit a dispute. Contact the Premium Audit department in writing (BMIC - Premium Audit Department, PO Box 150005, Raleigh, NC 27624-0005); provide your policy number and documentation to support your dispute.

Being organized and prepared will help your audit go smoothly. And, since you "pay as you go" with the monthly self-reporting worksheet, you shouldn't have any surprises. If you have any questions or need more information, go to buildersmutual.com, Policyholders, Audit Information. This page was created as a resource for you and contains detailed audit information, a list of BMIC auditors by territory and QuickBooks® instructions* designed by BMIC Premium Audit staff to assist you in setting up reports for your audit.

**BMIC does not endorse the use of QuickBooks® for record keeping purposes. These instructions are intended to be used as a tool if you use QuickBooks® software.*

» BMIC Cares About Your "Bottom Line"

Builders Mutual constantly looks for outlets to promote work place safety and efficient risk management techniques, not just to our policyholders, but to the building industry as a whole. In keeping with this trend, Bill Walker, CPEA, director of risk management at Builders Mutual, presented the seminar *OSHA, Safety and the Bottom Line* during the International Builders' Show® in Orlando, Florida. The session focused on lowering costs by incorporating OSHA and safety requirements into an overall company management system. More than 80 people attended the class and walked away with valuable knowledge that, if taken into consideration, could enhance their safety and productivity.

At Builders Mutual, we care about your safety and the safety of your employees. Presenting

seminars and programs like this only serve to further our commitment to you and the building industry.



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