



MUTUAL INTERESTS

INCREASED JOB SITE SAFETY LEADS TO \$3 MILLION DIVIDEND

At a moment like this, builders everywhere are playing it safe. With the economy in such a fragile state and the building industry facing unprecedented challenges, now is not the time for unnecessary risks. Luckily, safety pays – to the tune of \$3 million in dividends to eligible workers' compensation policyholders.

The amount matches last year's \$3 million dividend, but is even more impressive when you consider the state of the industry. "We've been able to remain stable," said President/CEO John Q. Beard, "because we provide value-added services and hands-on customer support. Our growth is a direct result of our willingness to work with our customers and help them grow their businesses." As evidence of this, he noted that Builders Mutual is offering flexible payment plans for builders who may be experiencing a slowdown in business.

Vice President/Chief Marketing Officer Mike Gerber sees this year's dividend as proof that builders are paying attention to the company's message. "Other companies say they service the industry, but they don't provide the resources and support that we do. With fewer workers in the job force, it's critical to keep each and every one of them safe and productive."

Gerber remarked that Builders Mutual, the HBAs and the invaluable agent network are all part of a collaborative culture of safety. "The HBA provides localized access to our resources and the agents counsel their customers. And here in our headquarters, we're training agents to spread the expertise."

Builders University attendance was strong in 2008, and Builders Mutual expects a similar response in 2009. In addition, Builders Mutual has more risk management consultants in the field than any of its competitors - a statistic which enhances peace of mind.

"In an environment when insurance companies are facing catastrophic times, our customers can rest a little easier knowing that we are in strong financial shape and will be around to pay claims," Gerber said.

Being a mutual company has helped shield Builders Mutual from some of the adversity facing stock-based companies. "Unlike publicly-held companies," Gerber noted, "we aren't forced to generate unrealistic results for impatient stockholders."

"And when it comes down to it, it's not just about the money," added Beard. "Our customers see this dividend as proof of their ownership in the company. When they take care of their workers and their businesses, our company does well. And as owners, so do they."

Of the 24 years Builders Mutual has been in existence, a dividend has been returned a record 21 eligible years – a total of \$44.6 million. To be eligible for a dividend return, policyholders must have a favorable loss experience.



» *BMIC policyholders literally earned their share of the \$3 million dividend distribution through safe work practices.*

FOCUS ON PREMIUM AUDIT

As a rule of thumb, the word audit tends to have negative connotations. However, Builders Mutual's Premium Audit department could be your company's best friend. And, if you are prepared with the records and knowledge you need, your audit will be enjoyable, educational and you will be back on the jobsite in no time!

The job of the Premium Audit department is to help minimize your premium cost and ensure your policy provides adequate coverage for your exposures. They ensure that your account is properly classified so you pay the correct amount of premium – no more and no less.

Your premium auditor will need to review the following:

- 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 (COI) for subcontractors (covering the time the subcontractor worked for you)
 - You should collect a completed COI from the subcontractor's insurance agent before work begins.
 - For General Liability, subcontractors must have limits of at least \$300,000 per occurrence, \$600,000 General Aggregate and \$600,000 Products/Completed Operations



Someone familiar with the company operations needs to be available to answer any questions – your accountant may not have the necessary knowledge to assist the auditor. Additionally, the auditor will need to know if you pay overtime – listed separately by employee and classification – to determine if it can be excluded from your premium.

Once your audit has been processed, you will receive a Final Audit Statement. You then 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.

If you have any questions or need more information, go to buildersmutual.com, Policyholders, Audit Information. Feel free to contact your auditor at any time for assistance.

2

BMIC CONTINUES TO FIND A WAY

Every day we hear stories on the news concerning the economy, the bailout, lost jobs and poor business. The construction industry is not immune to these issues; however we want you to know that during these stressful times we are working hard to find a way to help our customers weather this storm.

Our representatives continue to serve you daily as these economic struggles continue. Our Premium Accounting and Premium Audit departments are here to answer your questions and assist in any way they can. Risk Management is out and about on jobsites surveying safety practices and making recommendations that will keep you and your employees safe and injury free.

Builders University classes are available to help you gain the edge over your competition and teach you how to work smarter.

Your agent, our partner, is available to discuss product and service options that may make your business more efficient and will round out your insurance coverage to provide security.

In challenging times, you need to know that you have the best resources available. Builders Mutual, our employees and agents are here to serve you. Times are tough, but together we will make it through.

CONGRATULATIONS TO DRAGAS MANAGEMENT

It takes a lot of hard work and dedication to be the best and one of our policyholders, Dragas Management, has proven they know first hand how to achieve that status! Recently named America's Best Builder for 2009 by one of the housing industry's leading publications, *Builder* magazine, Dragas has a lengthy tradition of quality and excellence.

Dragas impressed the judges with its ultra-conservative fiscal policies, its discipline in adhering to its core business principles, and its ability to produce exemplary financial results without inflating the price of its homes.

"Most builders excel in just one discipline, be it customer service, great design, construction expertise, or financial acumen," said Denise Dersin, editor in chief of *Builder* magazine, "But our America's Best Builder winners

manage to do it all. That is an amazing achievement, and even more so during these difficult times."

A panel of industry leaders selected the America's Best Builder honorees this past September during the National Association of Homebuilders Fall Board meeting in San Diego, California. The winners showed outstanding performance in five important areas of running a home building business: finance and operations, customer service and quality, community and industry service, design and construction and marketing.

Based in Virginia Beach, Virginia, The Dragas Companies were founded in 1968 and have developed more than 35 communities. Builders Mutual is extremely proud of their achievement and we commend their excellent business practices.

BMIC CELEBRATES 25 YEARS OF SERVICE

For the last 25 years, Builders Mutual has been serving the construction industry by providing affordable and comprehensive insurance coverage. We are proud of this achievement and will be formally celebrating our Silver Anniversary throughout 2009.

Builders Mutual began as the North Carolina Home Builders Self Insurers Fund in 1984 and devoted itself to providing workers' compensation insurance to eligible members. The response was positive and within three years the Fund was insuring 2,012 policyholders with premiums totaling nearly \$6.5 million. By 1997, the Fund's management announced its intention to convert to a mutual insurance company, which had never been done in North Carolina. In 1999, after 15 years of providing exceptional workers' compensation coverage, BMIC introduced Builders Best – a comprehensive set of commercial policies that allowed policyholders to "put all their tools in one box." The following year, Builders Mutual expanded into Tennessee, Virginia and South Carolina and received the endorsement of the HBA of Tennessee. In 2003, BMIC introduced Builders University for policyholders, agents and employees. And Builders Online Business (BOB) was released to agents

to streamline the quoting process.

By 2006, Builders University was here to stay and BOB made an impact on the way business was written. BMIC received a "Best Places to Work" Award and our customer service was unparalleled. In late 2008, due to continuous growth, Builders Mutual moved to a larger facility. The North Carolina Home Builders Association and Home Builders Association of Raleigh-Wake County share the location and strengthen our ties to the building industry. We returned \$3 million in dividends to eligible policyholders in early February and are confident that 2009 will be another successful year!

Thank you for your support during our first 25 years of growth and prosperity. With good leadership, strong business practices and great customers, we are certain that our next 25 years will be just as successful.





PRSRT STD
US Postage
PAID
Raleigh, NC
Permit #1

Builders Mutual[®] INSURANCE COMPANY

Where Builders Come First[®]

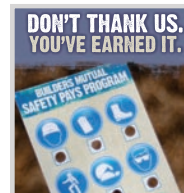
PO Box 150005 | Raleigh, NC 27624-0005
800.809.4859 | www.buildersmutual.com

FLEXIBLE PAY PLANS GIVE YOU OPTIONS

At a moment like this, having options is important. Listed below are the types of payment plans we provide; if your business has changed or if another plan suits your needs, give your agent a call to discuss your options prior to policy renewal.

- **Annual** – Offers the convenience of one payment each year and no deposit is required for Workers’ Comp. (Not available for Builders Risk monthly reporting.)
- **Semi-Annual** – Pay half the premium at application and receive a bill for the remaining half. (Not available for Workers’ Comp or Builders Risk.)
- **Quarterly** – Pay 25% of the premium at application and receive bills for the remaining three installments. (Not available for Builders Risk; minimum premium of \$1,000 for Workers’ Comp.)
- **10-Pay** – Pay 20% at application and receive bills for the remaining nine installments (Minimum premium of \$1,000)
- **Monthly Self-Reporting** – Pay premium according to payroll and starts. Your bill reflects the amount of work you’re experiencing at any given time. (15% deposit for Workers’ Comp; min. premium of \$1,000)

NEW IN THIS ISSUE



\$3 Million Dividend
Safety Pays for BMIC
policyholders.

1



Premium Audit
Preparation is key
and Builders Mutual
has some helpful tips

2



**BMIC Celebrates
Silver Anniversary**
25 Years of Safety and
Stability

3



RISKY BUSINESS

HARNESSE UP FOR A SAFE WORKING ENVIRONMENT

Fall-related injuries account for one half of all claims paid out by Builders Mutual and falls are one of the most devastating types of injuries on a jobsite. When properly used fall protection is in place, falls can be prevented.

There are many types of fall protection available and recommended, however, for falls from heights and on roofs, harnesses are one of the most effective types of fall protection. Safety STUFF by Builders Mutual, features the Miller Harness Roof Anchor Kit and the coordinating Miller Anchor Nail Kit. The harness kit comes ready to use with the following features:



- 50 ft. 5/8" lifeline, steel twist-lock carabineer, rope grab and 24" lanyard with SoftStop shock absorber
 - DuraFlex harness
 - 12 single-use roof anchors
 - 72 16d cement coated nails
 - Written and video instructions
 - Durable carrying bag
-

The Miller Harness Roof Anchor Kit meets OSHA 1926.500 subpart M construction fall protection regulations and ANSI A10.14. If you are looking for a reliable, easy to use and relatively comfortable harness stop by the Safety STUFF site and see if the Miller Harness Roof Anchor Kit meets your needs.

MAKESHIFT SCAFFOLDS? NOT A GOOD IDEA

Over 40% of serious injuries to workers in the building trades are caused by falls from one level to another. Think about the falls you have seen or heard about.

These falls usually occurred because the injured worker did not have a safe place to stand while they did their work. You probably can recall accidents when the worker set up his own makeshift scaffold, or used some convenient pile of material, because he didn't want to take the time to do the job right.

If you don't care what you work from, almost anything will do. A pile of concrete blocks or even cardboard boxes will hold you - if they don't tip over. A single sloping plank supported on one end by a pipe and the other by a stepladder will put you where you can do the job, provided the plank doesn't slide or you don't step back. The curving metal top of a blower or tank will do if your foot doesn't slip, none of which are good solutions.

A good rule of thumb to remember is this: Don't work from anything that was not designed for that purpose! Manufactured scaffolds should be utilized whenever possible. Additionally, site-made scaffold, if constructed properly, can offer the same protection as manufactured scaffolds. The time and the materials are available to build a safe scaffold for each job, and a good craftsman knows how and when to use them.

CERTIFY YOUR WAY TO PREMIUM SAVINGS

Policyholders often ask how they can qualify for discounts on their insurance. Builders Mutual's Fall Protection Certification program* is an effective and easy way to ensure your company complies with fall protection standards. And, by being "Fall Protection Certified," you are eligible for up to a 10% credit on your WorkSafe workers' compensation premium at renewal. In order for your company to receive certification, you must fulfill each of the following requirements:

- Attend either "Fall Protection" or "OSHA 10-hour Construction Industry Safety Course" (owners and supervisors are required to attend, but all employees are welcome)
- Be exposed to falls
- Have at least three years of loss experience and a minimum annual WorkSafe workers' compensation premium of \$5,000
- Use no uninsured subcontractors that are in classes exposed to falls
- Pass the open book Fall Protection Certification test
- Demonstrate to your BMIC risk manager that your company has an acceptable written fall protection program and implements it on all jobsites
- Allow your BMIC risk manager to visit annually for recertification

If you are eligible and interested in the Fall Protection Certification program, contact your agent and start your certification process today!

**Fall Protection Certification may not be available in all BMIC states; check with your agent for details.*