

BUILDING ON EXCELLENCE

ANNUAL REPORT 2024



BUILDERS
MUTUAL



THROUGHOUT OUR 40-YEAR HISTORY, WE'VE NEVER WAVERED IN OUR COMMITMENT TO THE CONSTRUCTION INDUSTRY.

2024 was no different. Last year may have brought its share of challenges, but we emerged stronger than ever. We continued to protect and advance the unique needs of the contractor community. We set ambitious financial goals and reached them. And we fortified our vision of being a leading carrier of construction insurance. Looking ahead, we are focused on pursuing new innovations and partnerships, prioritizing safety on the job-site, and serving our customers, agents, and employees.

In 2025 and beyond, we will continue building on excellence.

CONTENTS

Letter from the CEO.....	3
40 Years of Builders Mutual.....	4
Construction Market Snapshot.....	5
The Builders Mutual Experience.....	6
Demonstrating Expertise.....	8
Industry Recognition & Connections.....	10
Growth Factors for Success.....	11
Financials.....	12
Influencing Progress.....	15
Leadership.....	16

BUILT ON PURPOSE:
**COMMITTED TO
EXCELLENCE**



2024 was a pivotal year for Builders Mutual as we advanced our vision to be the leading provider of construction insurance. While we celebrated our 40th year in business, we reflected on the incredible journey that brought us here and looked forward to the promising future ahead. Throughout the decades, we set ambitious goals and implemented strategic plans to achieve them. Our efforts led to steady growth in revenue, team members, agents, and the number of customers we serve. By leveraging strong profitability, we expanded our offerings, rounded out accounts, and built a deeply loyal customer base.

This past year, our industry faced a unique set of challenges—from inflation and rising interest rates, to a competitive insurance market and severe weather events. Our team united, staying focused on our long-term vision and how best we can serve our policyholders. This dedication allowed us to navigate these challenges with agility, determination, and resilience to strengthen the foundation of our organization. While many competitors have shifted their strategies in search of growth, Builders Mutual has remained steadfast in its commitment to the construction industry.

Safety remained a top priority, with our Risk Management team delivering over 450 training sessions that reached over 7,000 workers. We also made significant strides in improving our Audit and Claims services, ensuring a customer experience that is caring, knowledgeable, and dependable.

In addition, we strengthened our connections within the construction industry. Key partnerships with contractors, developers, and industry associations have provided valuable insights into the challenges our customers face, enabling us to offer not just comprehensive coverage but also the guidance and support they need to thrive.

Looking ahead, we remain committed to adapting to the evolving needs of the construction industry. We will continue to manage risk vigilantly, always prioritizing the safety and security of our customers.

Mike Gerber, President & CEO

40 YEARS OF BUILDERS MUTUAL

For four decades, Builders Mutual has continued to evolve and grow, all while maintaining the same purpose: to protect and advance the unique needs of the contractor community. Here is a quick look back at how we've grown through the years:



- 1980s** • Builders Mutual is established by the North Carolina Homebuilders Association to offer affordable Workers' Compensation coverage for its members, and the North Carolina Home Builders Self-Insured Trust was born. The focus in these founding years was to provide coverage and grow the membership of the NCHBA.
- 1990s** • In our next decade, the focus shifted to building a strong brand and developing industry expertise. Builders Mutual incorporated in 1997 and established required membership in the NCHBA for any North Carolina policyholders, with the fund reaching 8,000 members. We also celebrated earning an AM Best A-rating for the first time, and expanded our footprint to South Carolina, Tennessee, and Virginia.
- 2000s** • Early in the decade, we began to offer a suite of commercial lines products to round out the Workers' Compensation product offering. We launched Builders University, our in-house training institution, to help expand expertise. We also celebrated an AM Best A rating, and continued to grow later in the decade with expansion into Georgia, Mississippi, Maryland, and the District of Columbia. With the onset of the great recession, we provided support across the industry and developed a specialized general liability product for trade contractors.
- 2010s** • Following the great recession, Builders Mutual continued to support its 13,000 loyal customers as business slowly rebounded. We became the Official Safety Sponsor of the National Association of Homebuilders, and broadened our appetite to include light commercial contractors. We launched a full-service Customer Contact Center and a self-service policyholder portal to serve our growing customer base. Our footprint expanded to Florida and we founded the Job-Site Safety Institute, a new non-profit research organization.
- 2020s** • Amid a global pandemic, Builders Mutual's employee culture was tested with a new dynamic work environment. With an expanded and diverse team of over 450 employees, the company prioritized the greatest needs and invested in small wins to innovate and elevate the Builders Mutual experience. In late 2023, we crossed the \$500M premium milestone.

Through all that has changed, some things remain the same: we still work every day to be the leading provider of construction insurance and ensure that anyone who steps foot on a job-site goes home safely at the end of the day.

2024 CONSTRUCTION SNAPSHOT



Median Single
Family Home Prices

↓ **5.9%**

Non-Residential Spending

↑ **2.5%**

Residential Spending

↑ **2.0%**

Unemployment
Increased from 3.8% to

4.1%

Inflation Decreased
from 3.3% to

2.9%

Expanding the Workforce

The industry continues to face a critical shortage of skilled workers in the construction industry, with the Associated Builders and Contractors estimating a need for 500,000 additional workers beyond normal hiring pace. There has been an added focus on attracting women to the industry, as they now make up over 10% of the construction workforce, per the National Association of Home Builders.

[Read more](#) about women in construction.

Unprecedented Natural Disasters

Whether it be hurricanes, tornadoes, floods, or wildfires, many of our policyholders faced devastation and destruction in the communities where they work and live. According to the National Hurricane Center, Hurricane Helene, which affected much of Builders Mutual's footprint from Florida to North Carolina, caused an estimated \$80 billion in damages, making it one of the most costly natural disasters in U.S. history. The increased frequency and severity of these events led to supply chain disruptions and an increase in costs.

[Read more](#) for some tips about how to safely head back to a job-site following a disaster.

Pushing PPE Forward

The industry saw a continued effort to improve safety on job-sites with the advancement of new PPE that can enhance worker protection, improve compliance, and increase operational efficiency. In an [episode of the Building Progress podcast](#), we spoke with three manufacturers in the construction industry about the role they play in ensuring workers' safety.

THE BUILDERS MUTUAL EXPERIENCE



4,000+
Surveys Completed

1,300+
Training Hours Registered

450+
Training Classes Taught

Risk Management

Our Risk Management Consultants continued to be at work with our policyholders, completing more than 4,000 surveys, registering over 1,300 training hours, and teaching more than 450 training classes.

DEDICATION TO SAFETY

Builders Mutual promoted the 5th annual Guardrail Safety Week in 2024, and recognized 18 companies as leaders in guardrail safety. Each company went above and beyond throughout the year, providing leadership, supervision, and employee education on proper guardrail use before workers step foot on a job-site.

Our team also participated in OSHA's National Safety Stand Down for the 12th consecutive year in May, visiting more than 150 job-sites and training more than 2,000 workers across eight states and the District of Columbia during the week, focusing on fall protection.



10,153

Claims Handled in 2024

248,834

Payments Issued in 2024



Claims

The claims team works tirelessly to ensure our process is as smooth as possible and we respond with unparalleled service, speed, and individual attention. We issued nearly 250,000 payments to help injured workers, insureds, and/or claimants after a loss or claim. In addition, the team focused on a development phase of replacing our core claims system with an implementation expected in 2025.



In 2024, Builders Mutual teamed up with **Nexar** to offer policyholders exclusive discounts on AI-powered dashcams. These devices capture video footage in the event of an accident, helping to reduce the impact of auto claims.

Customer Contact Center

Our knowledgeable Customer Contact Center experts are ready to assist with any policyholder inquiries, delivering personalized support every step of the way. Bilingual service representatives are available to ensure Spanish-speaking callers receive the same exceptional care.

88,225

Total Calls Answered

↳ 11.4%
Increase from 2023

93.7%

Reached a Live Voice

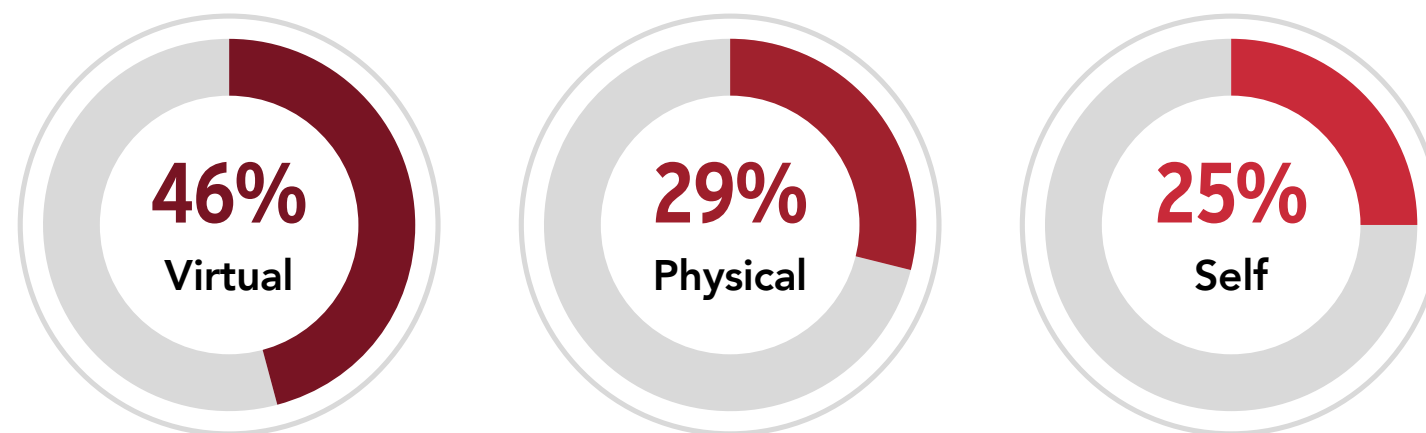
↳ 3.7%
Increase from 2023

Premium Audit

In 2024, our in-house team completed more than 44,000 audits, an 8.4% increase from last year. We continue to look for more ways to simplify the audit experience for our policyholders. The newly established virtual audit team completed more than 6,000 audits in their initial year. This approach streamlines the audit process, allowing policyholders to provide their audit documents in multiple ways, as well as after hours.

44,000+

Total Audits Completed



THE BUILDERS MUTUAL EXPERIENCE



DEMONSTRATING EXPERTISE



Job-Site Safety Institute®

In 2024, JSI launched four innovative construction safety research and educational projects:

- Funding a business case study conducted by North Carolina State University focused on transitioning from hard hats to safety helmets for small construction contractors.
- Funding a project at Clemson University to develop a Spanish Translation App to improve communication on job-sites among Spanish-speaking workers.
- Funding the delivery of 20 in-person fall prevention trainings across the country, through a partnership with NAHB.
- Launched the Exhibitor Grant Program, which provides financial support to qualified safety product and service exhibitors at the NAHB International Builders' Show.

JSI continued Video Toolbox Talks, a series of short videos that present relevant and timely information on safety hazards in the residential construction industry. In 2024, new videos focused on skid steer loader safety and preventative measures when working in cold weather.

NAHB Partnership

Builders Mutual is proud to be the Official Safety Sponsor of the NAHB. This partnership allows us opportunities to work on important initiatives together.

The Safety365 initiative provides resources to keep construction workers safe and eliminate preventable accidents, injuries, and deaths. Builders Mutual works alongside NAHB to share thought leadership and industry expertise that are beneficial to the well-being and safety of our policyholders.

The NAHB Workforce Development Program works with educators, members, and state and local HBAs to address the housing industry's labor shortages and develop a skilled workforce for the future. In 2024, Builders Mutual sponsored this program with a focus on promoting Women in Construction.



Our People

494

Total Employees

93

New Hires in 2024

250

Employees Hold a Certified Builders Insurance Agent (CBIA) Designation

40

Employees Received a CBIA Designation in 2024

400%

Increase in Website
Pageviews from 2023

300,000+

New Website Users

24,000

Email Inboxes Reached

28,000+

Blog Visitors

Industry Reach

In 2024, Builders Mutual focused on increasing policyholder awareness of the valuable resources available to them on the Builders Mutual [website](#). That led to a significant increase in pageviews, more than 400% higher than in 2023. Search engine optimization strategies were instrumental in bringing over 300,000 new users to the site. Moreover, our email campaigns reached close to 24,000 distinct inboxes, including quarterly loyalty updates, onboarding materials, and specialized campaigns. The Builders Mutual blog attracted over 28,000 visitors throughout 2024, providing expert thought leadership and industry insights.

In late 2024, we launched a new [Spanish Resource Center](#) on our website. This section is designed to provide easy access to valuable safety information and resources to our Spanish-speaking customers. Users can quickly find safety resources in Spanish, including the JSI Toolbox Talks videos, and WorkSafe and Guardrail Safety training materials. Also available are Builders Mutual product offerings, thought leadership, and our Audit preparation kit.

Social Media Metrics

11,699 Total Followers

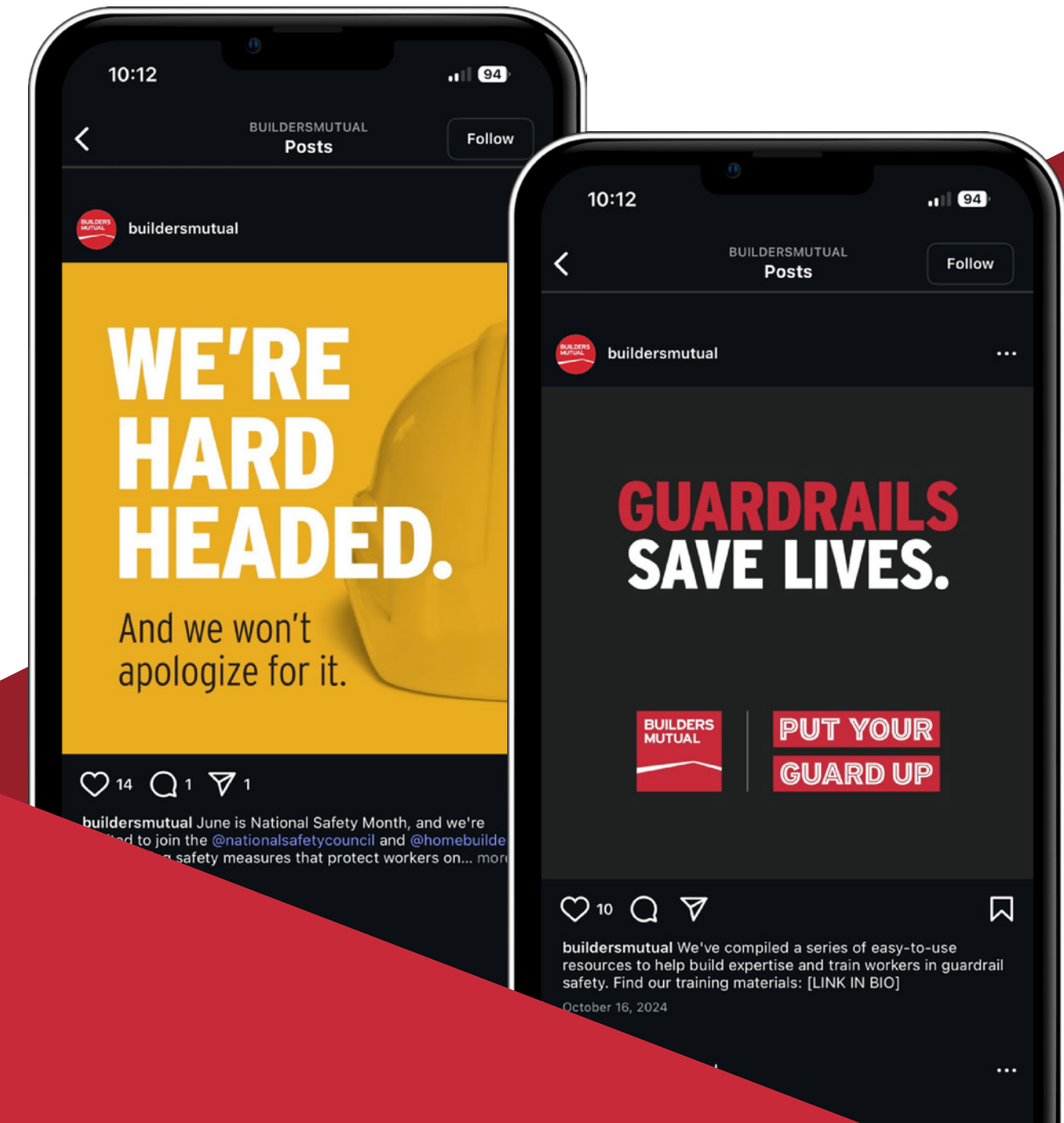
↳ 10.1% Increase from 2023

1,150 New Followers

↳ 100% Increase from 2023

570,000 Impressions

↳ 7.4% Increase from 2023



DEMONSTRATING EXPERTISE

INDUSTRY RECOGNITION & CONNECTIONS

In 2024, Builders Mutual was honored to receive The National Association of Mutual Insurance Companies' (NAMIC) annual Award in Innovation for its creation and support of the Job-Site Safety Institute, which has taken successful steps in its mission to eliminate construction injuries and deaths. The award honors the creativity of an idea, its impact in perpetuating mutuality, a potential for adaptation by other NAMIC members, and its alignment with NAMIC focus areas of strategy, innovation, leadership, industry trends, and the economy.



**Builders Mutual was
also recognized in 2024 by
the following organizations:**



AM Best Reaffirmed
an A (Excellent) Rating



Named as a Top-Performing Company
for the Sixth Consecutive Year



Recertified as a
Great Place to Work



Elite 50 Internships
Winner



Recognized as a Gallagher
Best in Class Employer

GROWTH FACTORS FOR SUCCESS



\$562.4M

Direct Written
Premium

\$81.8M

New Business
Premium

55,208

Total Policies

28,651

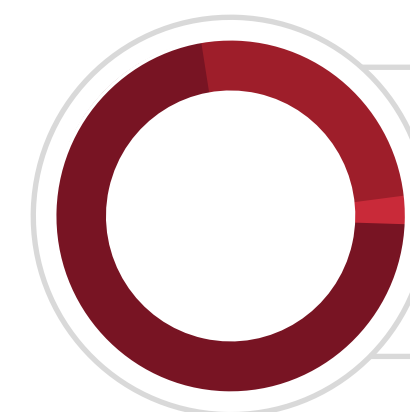
Total Policyholders



843 TOTAL AGENTS

26 New Agents Added in 2024

WC
Premium
Mix



• **26%** Residential

• **2%** Commercial

• **72%** Trade

Annual In-Force Premium

49.5%

Workers' Compensation

50.5%

Other Lines



Large Market Accounts Exceeded 2024
New Business Plan by writing

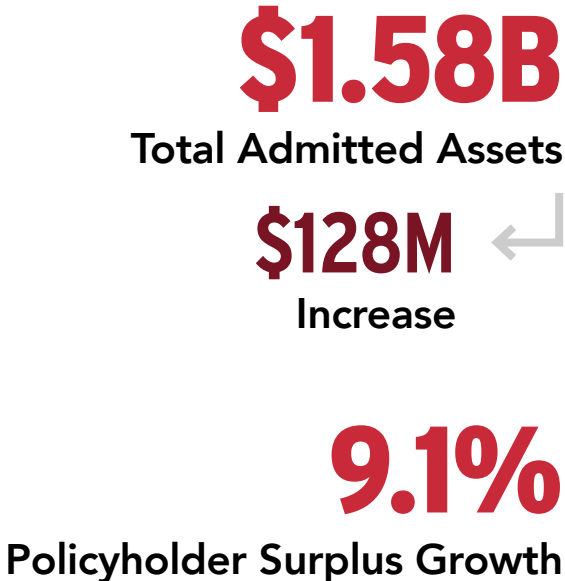
\$13.5M IN NEW BUSINESS



Builders Risk Exceeded 2024 New Business
Plan by writing

\$15.4M IN NEW BUSINESS

FINANCIAL POSITION



Assets

Total admitted assets increased \$127.8 million in 2024 to \$1.58 billion. Invested assets, which represent 85% of total admitted assets, grew by \$105.2 million or 8.5% over the previous year. As Builders Mutual grows, excess cash generated from operations is invested to earn more return for our policyholders.

Liabilities

Loss and loss adjusting expense (LAE) reserves include all unpaid amounts on incurred claims, both reported and unreported. Unearned premium reserve represents premium received by Builders Mutual that is attributable to unexpired coverage. In 2024, a 3.4% increase in direct written premium was the primary reason for a \$53.1 million increase in unpaid loss and LAE reserves and a \$17.1 million increase in unearned premium reserves. As written premium grows, corresponding growth in liabilities such as loss reserves and unearned premiums is expected in the normal course of business. We are committed to our focus on managing loss exposure through underwriting discipline and championing best practices in job-site safety.

Policyholder Surplus

Policyholder surplus best represents the financial strength and solvency of a mutual insurance company. Surplus growth is an enhancement in a company’s resources that can be used to pay claims and grow premiums. In 2024, Builders Mutual’s policyholder surplus grew by 9.1% to an all-time high of \$617.9 million. The main driver of this increase was strong returns from our investment portfolio.

Balance Sheet

ASSETS	2024	2023
Bonds	825,693	817,615
Common and Preferred Stocks	168,160	179,852
Real Estate Held for Income	11,587	12,084
Cash and Short-Term Investments	179,335	70,611
Premium Balances	179,629	164,806
Other	216,871	208,501
Total	1,581,275	1,453,469

LIABILITIES & POLICYHOLDER SURPLUS	2024	2023
Unpaid Losses and Loss Adjustment Expenses	710,338	657,190
Unearned Premiums	158,921	141,806
Other	94,147	88,586
Total Liabilities	963,406	887,582
Total Policyholder Surplus	617,869	565,887
Total	1,581,275	1,453,469

All figures represented in thousands (,000).

RESULTS OF OPERATIONS

Premium

Builders Mutual wrote \$562.4 million direct premiums in 2024, a 3.4% increase over the prior year. With more than 800 dedicated agent partners ready to assist policyholders, and nearly 500 employees available to service customers, we remain focused on providing a high-quality insurance product at a fair price to our policyholders, without sacrificing any of the underwriting discipline needed to grow profits and sustain financial strength. In 2024, Workers' Compensation policies constituted 50% of total written premium. Premium written for commercial products continues to grow as we endeavor to serve our policyholders in more ways and offer competitive products across our geographic footprint.

Losses

For any given year, the loss ratio describes the losses and LAE incurred for each dollar of premium earned. Despite an increase in premiums written, net losses and LAE decreased \$19.6 million from 2023, resulting in a loss ratio of 62.7%. The current year reduction in incurred losses reflects our emphasis on operational excellence and is primarily driven by favorable outcomes on losses occurring in prior years. Builders Mutual remains dedicated to providing critical risk management resources to reduce injuries and fatalities on job-sites.

Other Income and Expenses

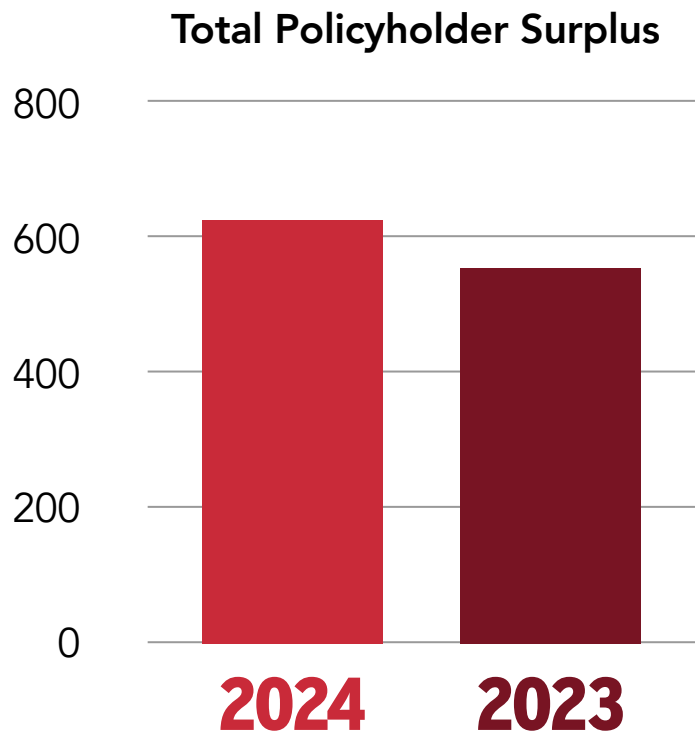
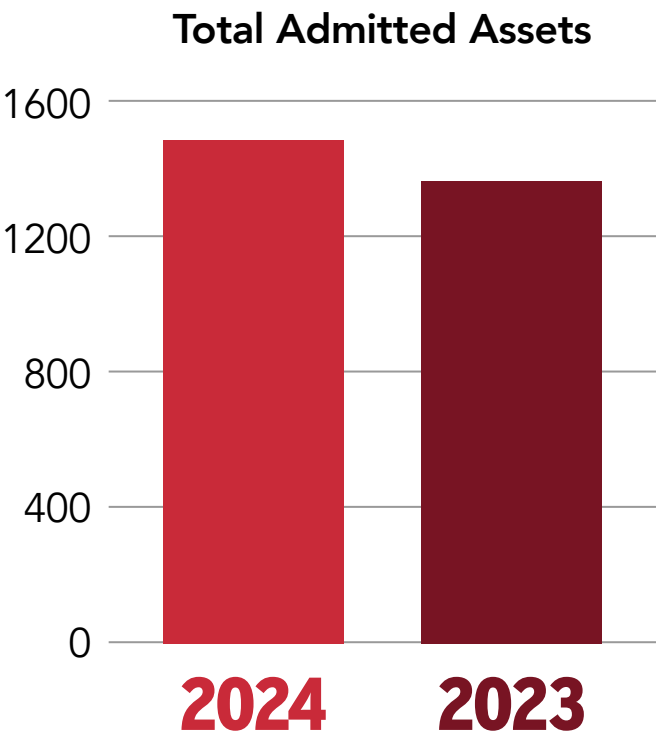
Builders Mutual strives to utilize resources in the most efficient and effective ways to best serve our policyholders and agents. Underwriting expenses in 2024 were \$27.4 million lower relative to 2023, mostly due to a large paydown of operating leases in the prior year. Net investment income before capital gains was \$50.2 million, an increase of \$6.5 million over the prior year. This increase is from the reinvestment of fixed income securities at higher interest rates and strong performance of floating-rate investment vehicles. Additionally, net capital gains of \$20.1 million were recognized in 2024 from the sale of equity investments. Our safety dividend was declared in December 2024 by the Board of Directors to be \$3.4M, and eligible Workers' Compensation policyholders received checks in February 2025. Returning a dividend to policyholders recognizes their focus on safety in the workplace and the positive results of our company.

STATEMENT OF INCOME	2024	2023
Underwriting Income		
Premiums Earned	491,593	477,464
Losses and LAE Incurred	308,416	328,036
Underwriting Expenses	175,215	202,620
Underwriting Gain (Loss)	7,962	(53,192)
Investment Income		
Investment Income, Net of Interest Expense	50,210	43,663
Rental Income	442	363
Realized Capital Gains	20,143	13,106
Net Investment Gain	70,795	57,132
Other Income (Expense)	(8,239)	(5,548)
Income Before Dividends & Income Taxes	70,518	(1,608)
Policyholder Dividends	7,561	8,112
Federal Income Tax Expense	9,704	(2,571)
Net Income	53,253	(7,149)
Changes in Policyholder Surplus		
Unassigned Surplus, Beginning of Year	565,887	561,174
Net Income	53,253	(7,149)
Change in Net Unrealized Capital Gains	(7,871)	8,296
Change in Net Deferred Income Tax	2,299	2,624
Change in Non-Admitted Assets	(2,313)	(1,391)
Change in Provision for Reinsurance	6,613	(2,385)
Aggregate Write-Ins for Gains and Losses in Surplus	-	4,718
Unassigned Surplus, End of Year	617,868	565,887

All figures represented in thousands (,000).

PROFITABILITY ANALYSIS

	2024	2023	CHANGE
Loss Ratio	62.7%	68.7%	-6.0%
Expense Ratio	34.4%	40.8%	-6.4%
Dividend Ratio	1.5%	1.7%	-0.2%
Combined Ratio	98.7%	111.2%	-12.5%
Operating Ratio	88.5%	102.0%	-13.5%



All figures represented in thousands (,000).

\$3.4M
Safety Dividends
Distributed to Eligible
Policyholders

\$618M
Policyholder Surplus

\$1.58B
Total Admitted Assets



INFLUENCING PROGRESS



Our Differences Make Us Stronger

We continue to make meaningful progress in ensuring every employee feels they belong at Builders Mutual, having equitable opportunities to grow and contribute to our collective success. In 2024, we hosted three key experiences, including Black History Month in February, Geek Week in July, and Hispanic Heritage Month in September. We also introduced a series of micro-learning sessions aimed at enhancing inclusivity. The program received 95% favorability from employees.

Positively Impacting Our Communities

Through our GiveBack program in 2024, we donated \$275K to more than 70 organizations that impact the communities where we live and operate, including Habitat for Humanity, the Susan G. Komen Foundation, the American Heart Association, and many more. In addition, we allocated funds to focused organizations such as First Tee, Hope Renovations, and Insurance Cares. We also encourage our employees to support community organizations, and our team contributed nearly 900 hours of Volunteer Time Off (VTO) to support causes they are passionate about.

Ensuring Our Future

Our internal Green Team focuses on ensuring that all Builders Mutual employees are aware of opportunities to make environmentally wise choices, whether they work inside the home office or remotely. They push to reduce paper usage, and the use of recycle-friendly paper, while maintaining compost bins at the office building. The team also stocked breakrooms with flatware and shared kitchen supplies to reduce single-use plastic at office events. The team volunteered at local parks for cleanup and planting efforts to help maintain the beauty of our local community.

Additionally, the team has made an effort to improve the landscaping around the building by propagating pollinator and erosion friendly plants.

LEADERSHIP

Board of Directors

DAVE STORMONT, CHAIRMAN

Storm Coast Homes, LLC
Kitty Hawk, NC

ERIK A. ANDERSON, VICE CHAIRMAN

Anderson-Moore Builders
Winston-Salem, NC

MARK MARTIN, SECRETARY

Sandmark Custom Homes, Inc.
Kitty Hawk, NC

ANDY BETTS

Business Consultant
Raleigh, NC

MIKE CARPENTER

Business Consultant
Raleigh, NC

MICHAEL S. ENSCORE

The Veritas Group, Inc.
Kernersville, NC

GARY EMBLER

Niblock Development Corp.
Concord, NC

WILLARD “BUDDY” HUGHES

Insulated Concrete, Inc.
Lexington, NC

BRIAN PACE

Pace Development Group
Charlotte, NC

RANDY SCREEN

Business Consultant
Raleigh, NC

JENNIFER TAYLOR

Business Consultant
Raleigh, NC

Senior Leadership

MICHAEL GERBER, CBIA

President/Chief Executive Officer

KEITH GOAD, MBA, CVA

VP/Chief Financial Officer

ROSS FOWLER, CPCU, CBIA

VP/Underwriting

BRAD MOOCK, CPCU, CLU, CBIA

VP/Business Development

KEN BUNN, AIC, PMP

VP/Claims

JODI VEDELLI, MBA, CBIA

VP/Strategy

PATRICK HANNAH, ESQ.

VP/General Counsel and
Corporate Secretary

MICHELE HEMRIC, SPHR, PCC, CBIA

AVP/Human Resources and Organizational
Effectiveness

SHERMAN MCCOY

AVP/Business Operations

CHRIS WETZEL, FCAS, MAAA

AVP/Actuarial Services

MELISSA WILLIARD, CIC, CBIA

AVP/Underwriting

SUSAN LENHART

Assistant Secretary