

**BUILDERS
MUTUAL**

**SOLID
FOOTINGS** **FORWARD
MOMENTUM**

2025 ANNUAL REPORT



IN 2025, BUILDERS MUTUAL FOCUSED ON STRENGTHENING THE FOUNDATION FOR FUTURE GROWTH BY ENHANCING PROCESSES, DEEPENING PERFORMANCE INSIGHTS, AND BUILDING STRONGER PARTNERSHIPS.

These efforts were not just about improvement, but about clarity, and sharpening our understanding of where we can lead, innovate, and create greater value for those we serve. By reaffirming our role as an all-lines carrier, we expanded our position as a comprehensive partner to the construction industry.

**The result is a stronger, more connected organization—
built on solid footing and moving forward with a purpose.**

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2025 WAS A YEAR OF MOMENTUM AND MEANINGFUL PROGRESS FOR OUR ORGANIZATION.



In a dynamic and often challenging environment, we advanced with purpose. By driving innovation, strengthening performance, and delivering consistent value for our agents and policyholders, we reinforced our position as a trusted partner in the construction insurance marketplace. A key milestone this year was reaffirming our commitment to serving the construction industry as a comprehensive, all-lines carrier. This approach allows us to better meet the evolving needs of our customers, provide more complete protection, and create stronger, long-term partnerships. It also opens new opportunities for thoughtful growth and innovation across our products and services. Despite ongoing market volatility, we continued to deliver a dependable and responsive experience through disciplined underwriting, steady operational performance, and strong collaborative partnerships.

In Claims, we introduced new digital tools and automation that streamlined workflows and improved internal efficiencies, helping our teams respond more quickly and consistently to the needs of agents and policyholders. In Audit, we reduced documentation requirements, creating a more efficient, customer-friendly process.

Looking ahead, we are energized by the opportunities before us. With a strong market position, we are well-equipped to accelerate growth and expand our impact. We've built a foundation on solid footing and have a clear vision to be the leading provider of construction insurance.

A handwritten signature in black ink that reads "Mike". The signature is fluid and cursive, with a large, sweeping initial "M".

Mike Gerber, President & CEO

CONSTRUCTION SNAPSHOT

STRENGTHENING THE WORKFORCE

The construction industry continues to face a shortage of skilled workers, limiting the number of homes that can be built. The National Association of Home Builders (NAHB) estimates that the labor gap results in about 19,000 fewer single-family homes built annually. To address this, organizations are expanding apprenticeship programs, trade education, and initiatives aimed at attracting younger workers to the trades. In 2025, Builders Mutual joined forces with NAHB on their HBCU Student Leadership Program, which works to give diverse, young adults an opportunity to gain the skills, knowledge, and connections needed to thrive in the residential construction industry.

FROM HARD HATS TO HELMETS

Job-site safety continues to advance as many contractors transition from traditional hard hats to modern safety helmets. [A study funded by the Job-Site Safety Institute](#) gathered further research on how these helmets provide improved protection from construction-related injuries. Builders Mutual is helping drive this shift through job-site visits, hands-on training, and ongoing safety education, reinforcing the importance of adopting modern equipment to better protect teams and keep job-sites safe.



Markets change, but our commitment doesn't. By staying connected to industry trends and grounded in decades of expertise, we help agency partners and policyholders navigate change with confidence.

Median Single Family Home Prices Decreased

1.3%

Non-Residential Spending Increased

4.5%

Residential Spending Decreased

2.5%

Construction Job Growth Decreased from 2024 to 2025

2.2%

Inflation Decreased from 2.9% to

2.4%

For calendar year 2025, cited from U.S. Census Bureau and U.S. Bureau of Labor Statistics.

BUILDERS MUTUAL WAS RECOGNIZED IN 2025 BY THE FOLLOWING ORGANIZATIONS:



AM Best Reaffirmed
an A (Excellent) Rating



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



Recertified as a
Great Place to Work



Fortune Best Workplaces
in Financial Services &
Insurance Recipient



Elite 50 Internships
Winner

FINANCIAL POSITION

ASSETS

Total admitted assets increased \$105.5 million in 2025 to \$1.67 billion, primarily driven by growth in investment holdings. As Builders Mutual continues to grow, our investment portfolio remains a powerful tool for strengthening policyholder surplus. In 2025, we executed a strategic re-allocation of invested assets to maximize efficiency and manage risk associated with our portfolio. As a result, bonds increased 42% from the prior year while common stock, cash, and other invested assets saw similarly large reductions.

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. As written premium grows, corresponding growth in liabilities such as loss reserves and unearned premiums is expected in the normal course of business. In 2025, a 3.2% increase in gross written premium was the primary reason for a \$44.5 million increase in unpaid loss and LAE reserves and a \$9.6 million increase in unearned premium reserves. 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 2025, Builders Mutual's policyholder surplus grew by 8% to an all-time high of \$666.9 million. Surplus growth continues to be driven by strong investment returns.

BALANCE SHEET

Assets	2025	2024
Bonds	1,172,521	825,693
Common & Preferred Stocks	102,551	168,160
Real Estate Held for Income	10,918	11,587
Cash & Short-Term Investments	101,420	179,335
Premium Balances	185,268	179,629
Other	114,074	216,871
Total	1,686,752	1,581,275

Liabilities & Policyholder Surplus	2025	2024
Unpaid Losses & Loss Adjustment Expenses	754,857	710,338
Unearned Premiums	168,552	158,921
Other Liabilities	96,439	94,147
Total Liabilities	1,019,848	963,406
Total Policyholder Surplus	666,904	617,869
Total	1,686,752	1,581,275

All figures represented in thousands (,000).

Statement of Income	2025	2024
Underwriting Income		
Premiums Earned	502,625	491,593
Losses and LAE Incurred	308,038	308,416
Underwriting Expenses	189,974	175,215
Underwriting Gain (Loss)	4,613	7,962
Investment Income		
Investment Income, Net of Interest Expense	57,896	50,210
Rental Income	79	442
Realized Capital Gains	26,882	20,143
Net Investment Gain	84,857	70,795
Other Income (Expense)	(3,616)	(8,239)
Income Before Dividends & Income Taxes	85,854	70,518
Policyholder Dividends	7,342	7,561
Federal Income Tax Expense	11,421	9,704
Net Income	67,091	53,253
Changes in Policyholder Surplus		
Unassigned Surplus, Beginning of Year	617,868	565,887
Net Income	67,091	53,253
Change in Net Unrealized Capital Gains	(15,001)	(7,871)
Change in Net Deferred Income Tax	2,484	2,299
Change in Non-Admitted Assets	(4,790)	(2,313)
Change in Provision for Reinsurance	(748)	6,613
Unassigned Surplus, End of Year	666,904	617,868

All figures represented in thousands (,000).

RESULTS OF OPERATIONS

PREMIUM

Builders Mutual wrote \$578.6 million in direct premiums in 2025, a 2.9% increase over the prior year. 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. Workers' Compensation remains highly profitable, representing 44% of premium written. 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 produce profits and sustain financial strength.

LOSSES

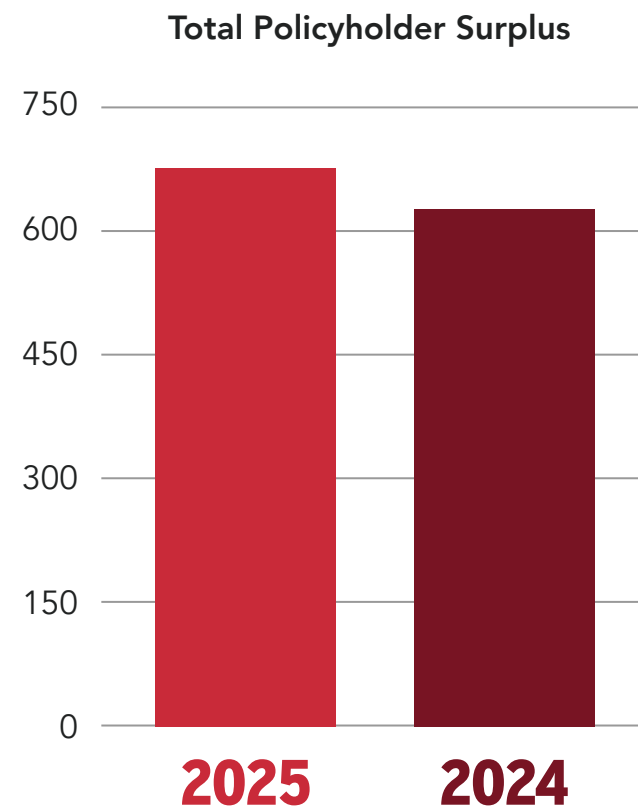
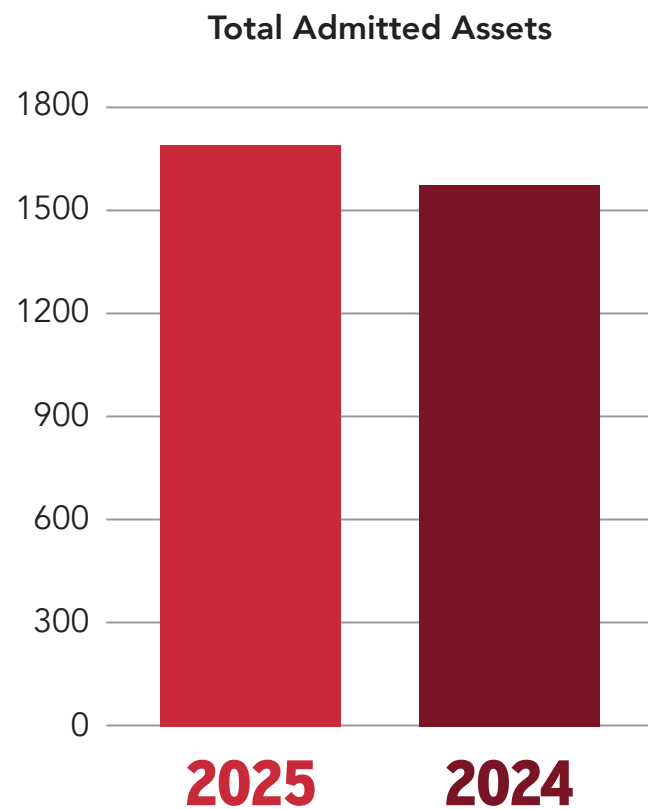
For any given year, the loss ratio describes the losses and LAE incurred for each dollar of premium earned. Net losses and LAE incurred decreased \$378,000 from 2024, resulting in a loss ratio of 61.3%. The current year reduction in incurred losses reflects our emphasis on operational excellence and 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 as well as exceptional claims service to support our policyholders when accidents happen.

OTHER INCOME AND EXPENSES

Builders Mutual continues to invest in its people, processes, and systems to provide the high level of service our policyholders and agent partners have come to expect. Underwriting expenses in 2025 increased \$14.8 million relative to 2024, directly supporting our premium growth. Net investment income in 2025 was \$58.0 million, an increase of \$7.3 million over the prior year, and realized capital gains of \$26.9 million were recognized from the sale of equity investments. Overall, our strategic investment re-allocation resulted in nearly \$85 million of income—a substantial gain for policyholder surplus. Our Board of Directors declared a \$3.5 million safety dividend in December 2025, a meaningful result of our policyholders' dedication to job-site safety.

PROFITABILITY ANALYSIS

Underwriting Income	2025	2024	Change
Loss Ratio	61.3%	62.7%	-1.4%
Expense Ratio	37.1%	34.4%	2.7%
Dividend Ratio	1.5%	1.5%	0.0%
Combined Ratio	99.8%	98.7%	1.1%
Operating Ratio	88.3%	88.5%	-0.2%



All figures represented in thousands (,000).

\$3.5M

Safety Dividends Distributed to Eligible Policyholders

\$667M

Policyholder Surplus

\$1.69B

Total Admitted Assets





INFLUENCING PROGRESS

SUPPORTING THE INDUSTRY

Builders Mutual is dedicated to the construction industry and to protecting the people who build and grow our communities. In 2025, we partnered with and supported Home Builders Associations throughout our footprint, as well as organizations like the Hispanic Contractors Association of the Carolinas. We also invested in shaping the next generation of industry professionals by supporting the National Association of Home Builders HBCU Student Leadership Program and SkillsUSA. Each day, we work to strengthen relationships with partners who share our commitment to the industry and the people who power it.



GIVEBACK

Supporting the communities where we live and work is an important extension of our culture. Through our GiveBack program, we focus on promoting homeownership, advancing health and well-being, supporting education, and developing the next generation of industry professionals. In 2025, \$275,000 was donated to more than 60 organizations, while 160 employees contributed nearly 900 volunteer hours through Volunteer Time Off (VTO) to strengthen the communities we serve.



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

Gary Emblar

Niblock Development Corp.
Concord, NC

Michael S. Ensore

The Veritas Group, Inc.
Kernersville, 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

Vice President/Chief Financial Officer

Ken Bunn, AIC, PMP

Vice President/Claims

Patrick Hannah, Esq.

Vice President/General Counsel
and Corporate Secretary

Mike Hickman

Vice President/Underwriting

Brad Mook, CPCU, CLU, CBIA

Vice President/Business Development

Jodi Vedelli, CBIA

Vice President/Strategy

Michele Hemric, SPHR, PCC, CBIA

Assistant Vice President/Human Resources
and Organizational Effectiveness

Sherman McCoy

Assistant Vice President/Business
Operations

Chris Wetzel, FCAS, MAAA

Assistant Vice President/Actuarial Services

Melissa Williard, CIC, CBIA

Assistant Vice President/Underwriting

Susan Lenhart

Assistant Secretary