



"Our Promise...**Protection**"®

**BUILT**  
**STRONG**

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# BUILT STRONG

## Our financial strength is built on a solid foundation and a strong framework.



Allen Richardson  
Chairman

**The best home is built strong.** Standing on a solid foundation, it endures both fair weather and rough to fulfill its purpose—the protection of people and belongings. With a strong framework, a good home will last lifetimes and through the toughest of years.

Builders Insurance Group continued to stand strong in its 28<sup>th</sup> year of operation despite some irregular challenges. Our 2019 financial highlights include the following:

- Total assets exceeding \$1 billion
- Early repayment of \$27 million of surplus notes (i.e., debt)
- Profitable sale of the our home office building
- 24<sup>th</sup> consecutive dividend



Patrick Mitchell  
President & CEO

Our core book of WC business once again posted exceptionally favorable results, while uncharacteristic claims activity led to atypical performance of our GL/CPP book, resulting in strengthening of those lines. Despite these challenges, we posted positive statutory net income and are well-positioned for future profitability. We are also proud to have rewarded our loyal Georgia policyholders with our 24<sup>th</sup> consecutive dividend, which we issued amid the pandemic of 2020 to achieve \$53 million in total dividends paid since inception. Builders' resolve will withstand adverse economic climates in order to uphold our commitment to our customers and our steadfast promise of protection.

**We will build broader and higher.** The pandemic of 2020 is likely to offer a new set of challenges, but we will continue to pursue growth in a controlled and profitable framework, as we:

- Leverage our niche expertise to expand geographically and innovate products in our current footprint
- Expand to new industries with competitive WC products and excellent claims services
- Initiate important brand evolutions

- Embrace leading insurance technologies and enhanced predictive modeling
- Further enhance our large accounts capabilities and services
- Elevate the ease by which our partners and policyholders do business with us

In nearly three decades of business, we have stood firm through more than one trying year, proving both the strength of our business and our flexibility to adjust to the challenges ahead. Today, Builders maintains a strong capital position, and we will continue to forge on—built strong for long-term success.

### BOARD OF DIRECTORS

- Allen M. Richardson (Chairman)
- J. Christopher Bowles (Vice Chairman)
- Salvatore Correnti
- G. Eugene Hill
- David J. Jasmund
- Patrick J. Mitchell
- Charles M. Potok

### SENIOR EXECUTIVE OFFICERS

Patrick Mitchell  
President & Chief Executive Officer

Stephen Berry  
Senior Vice President,  
General Counsel & Secretary

Andrew Dunn  
Senior Vice President of  
Information Technology  
& Chief Information Officer

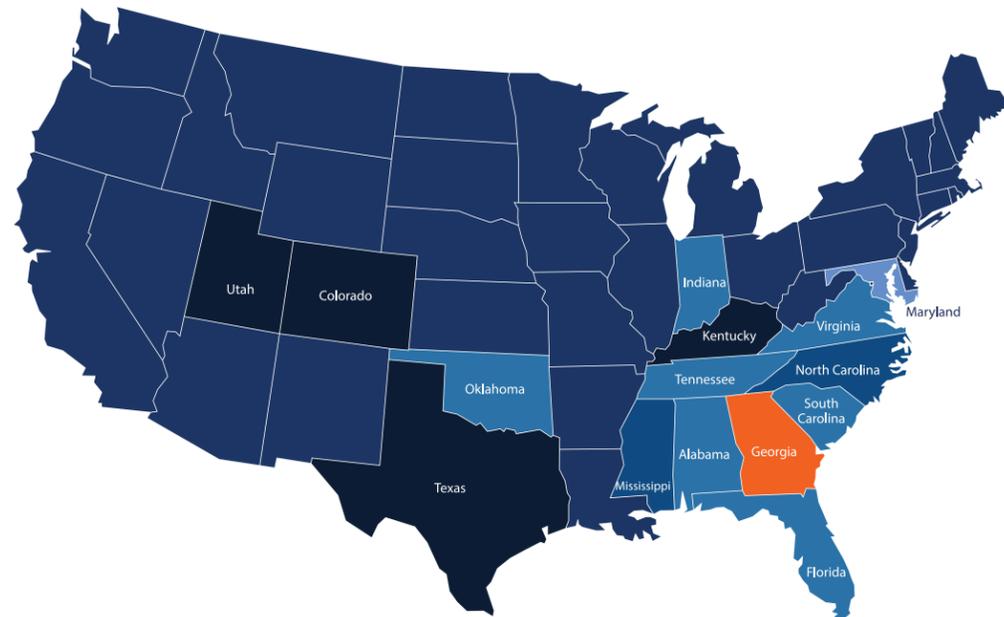
Mark Gromek  
Senior Vice President of Marketing  
& Underwriting

Ellen G. Smith  
Senior Vice President,  
Chief Financial Officer & Treasurer

Shawn Stinson  
Senior Vice President of Claims  
& Medical Management



PRODUCTS & TERRITORIES



- Workers' Compensation
- Workers' Compensation
- General Liability
- General Liability
- Commercial Package
- Umbrella
- Workers' Compensation
- General Liability
- Commercial Package
- Umbrella
- Builders Risk

2019 ACHIEVEMENTS & HIGHLIGHTS

- **Agency Plant:** Approximately 600 agency locations
- **Policyholder Count:** Nearly 20,000 Workers' Compensation, General Liability, Package, Umbrella, and Builders Risk policies in force
- **Number of Employees:** 158 insurance, claims, finance, marketing, and administrative professionals
- **Dividends:** 2019 Dividends of \$500k paid in 2020, bringing cumulative dividends paid since 1997 to \$53 million
- **Financial Strength Rating:** All member Companies rated "A" (Excellent) by A.M. Best Company with a stable outlook

FINANCIAL POSITION AS OF DECEMBER 31, 2019 AND 2018

The information below is a condensed version of the audited financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP). Expanded audited GAAP and Statutory financial statements, including accompanying notes, are available upon request.

Balance Sheet (\$000)	2019	2018
<b>Assets</b>		
Cash & invested assets	\$833,267	\$742,220
Reinsurance recoverables	78,441	88,287
Receivables	70,827	77,970
Tax assets	6,097	7,563
Other assets	19,738	22,601
<b>Total assets</b>	<b>\$1,008,370</b>	<b>\$938,641</b>
<b>Liabilities &amp; Members' Equity</b>		
<b>Liabilities</b>		
Loss & loss adjustment expenses	\$534,096	\$458,638
Unearned premiums	86,413	96,609
Policyholder dividends payable	861	1,644
Other payables	27,719	40,445
Notes payable	26,014	50,137
Other liabilities	2,869	1,824
<b>Total liabilities</b>	<b>677,972</b>	<b>649,297</b>
<b>Members' Equity</b>		
Paid-in capital	200	200
Retained earnings	310,295	271,545
Accumulated other comprehensive income	19,903	17,599
<b>Total members' equity</b>	<b>330,398</b>	<b>289,344</b>
<b>Total liabilities &amp; members' equity</b>	<b>\$1,008,370</b>	<b>\$938,641</b>

ASSETS

Total assets were \$1.0 billion and \$938.6 million at December 31, 2019 and 2018, respectively. The change in the asset base includes primarily increases in cash and invested assets.

LIABILITIES

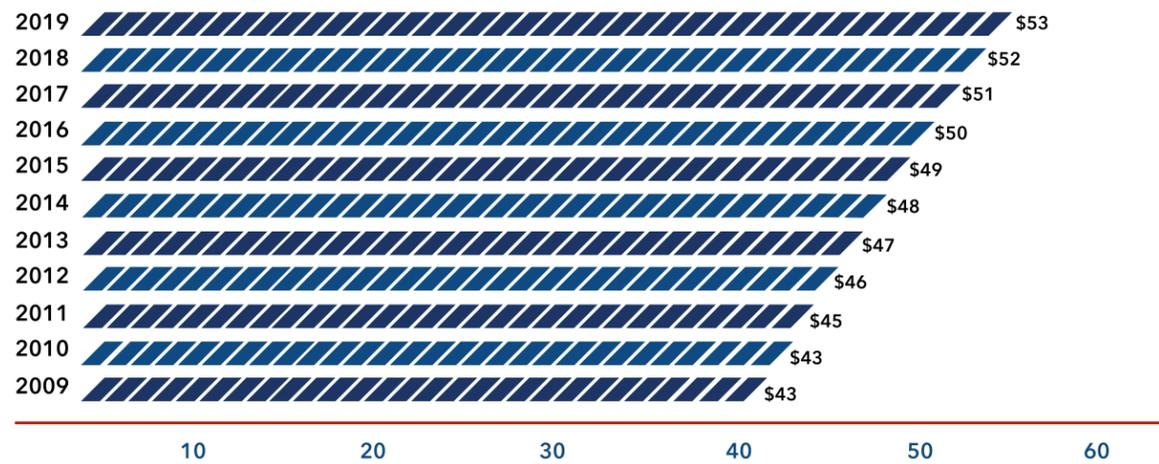
Total liabilities were \$678.0 million and \$649.3 million at December 31, 2019 and 2018, respectively. Contributing to the increase in liabilities were increases in liabilities for loss and loss adjustment expenses, offset by a decrease in loans payable.

MEMBERS' EQUITY

Members' equity increased \$41.1 million, or 14.2% to \$330.4 million at December 31, 2019.

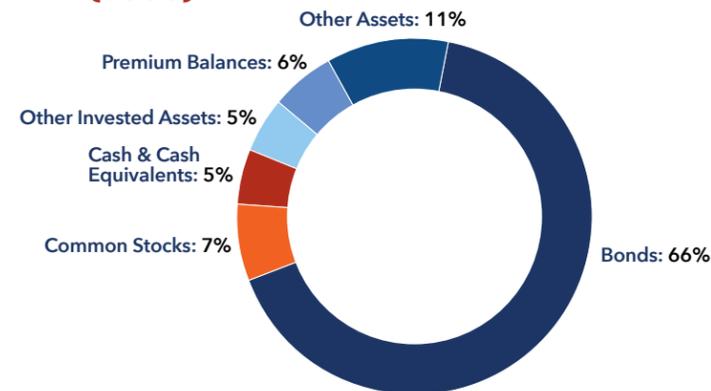


**CUMULATIVE POLICYHOLDER DIVIDENDS PAID (IN MILLIONS)**

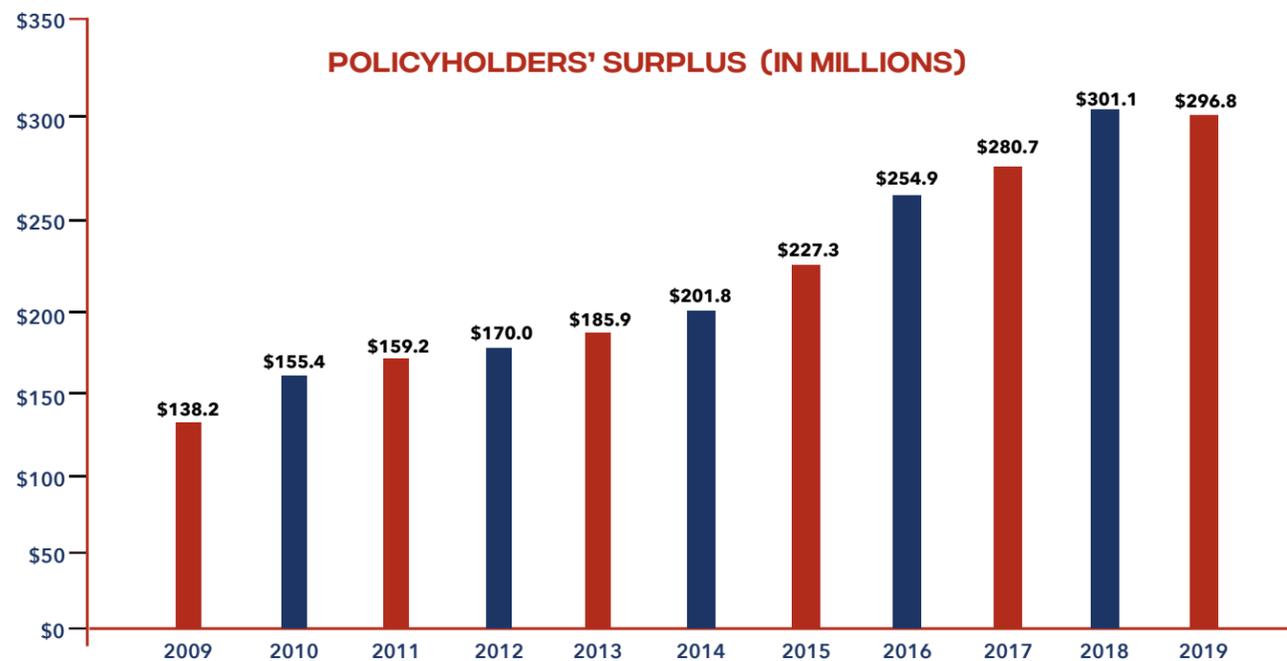


**ASSET MIX (\$000)**

INVESTED ASSETS: \$833,267  
 OTHER ASSETS: \$175,103  
 TOTAL ASSETS: \$1,008,370



**POLICYHOLDERS' SURPLUS (IN MILLIONS)**



**RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

Income Statement (\$000)	2019	2018
<b>Revenue:</b>	<b>Audited</b>	<b>Audited</b>
Premiums earned, net	\$208,870	\$213,024
Net investment income	23,990	22,236
Realized gains (losses) on investments, net	20,409	(1,234)
Net unrealized gains on marketable equity securities	12,675	
Impairment of investments	(190)	(498)
Other revenue	799	861
<b>Total revenue</b>	<b>266,553</b>	<b>234,389</b>
<b>Expenses:</b>		
Loss & loss adjustment expenses	188,104	136,179
Operating and administrative expense	52,033	61,225
Interest expense	1,299	2,181
Policyholder dividends	729	1,471
<b>Total expenses</b>	<b>242,165</b>	<b>201,056</b>
Income before income taxes and net unrealized investment gains	24,388	33,333
Income tax expense	4,655	6,357
<b>Net Income</b>	<b>\$19,733</b>	<b>\$26,976</b>

- Net income was \$19.7 million and \$27.0 million for the years ending December 31, 2019 and 2018, respectively.
- Premium earned in 2019 was \$208.9 million compared to \$213.0 million in 2018.
- Net investment income was \$24.0 million and \$22.2 million for the years ending December 31, 2019 and 2018, respectively.
- Realized net gains (losses) on investment sales totaled \$20.4 million and (\$1.2 million) for the years ending December 31, 2019 and 2018, respectively.

**Select Combined Statutory Financial Highlights, for the twelve-month period and year ended December 31, 2019 and 2018**

	2019	2018
Direct premium written	\$213,094,885	\$227,968,625
Net premiums earned	\$208,870,427	\$213,023,095
Underwriting gain (loss)	\$(26,167,653)	\$16,448,799
Loss ratio	90.1%	63.9%
Expense ratio	24.9%	28.1%
Combined ratio	115.4%	92.7%
Surplus as regards policyholders	\$296,830,576	\$301,119,833



"Our Promise...**Protection**"<sup>®</sup>



Nearly 20,000 policyholders in residential and light commercial construction and a variety of non-construction fields rely on Builders Insurance Group to protect their most important assets - their people and property. Founded in 1992, the company has evolved into a dynamic, financially secure, and dedicated partner with a philosophy of providing outstanding products, backed by exceptional customer service and easy-to-use technology solutions. Headquartered in Atlanta, the Company delivers innovative Workers' Compensation, General Liability, Property, Umbrella, and Builders Risk insurance through independent agents. Builders Insurance Group and all of its member companies are rated "A" (Excellent) by A.M. Best Company. For more information, please visit our Web site at [www.bldrs.com](http://www.bldrs.com).

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