

2022 Annual Report



35 Years of Servicing New Mexico's
Construction Industry...

And we've only just begun



When everyone else left the New Mexico Workers' Compensation Market, Builders Trust stayed...

In the eighties, the market for workers' compensation in New Mexico was terrible. Rates were extremely high and as loss ratios rose, large carriers started to leave, leaving New Mexico employers with few options for coverage, especially contractors.

In response, a group of HBA members that included contractors, agents, and others researched the workers' compensation laws in other states. They helped change NM law to allow workers' compensation self-insured funds, and then put together a proposal to start a workers' compensation fund for eligible contractors of the New Mexico Home Builders Association. These folks traveled throughout New Mexico, talking to other HBA Member contractors, and convincing them to join this risky new venture. And each of those companies put up \$100 in seed money to help get Builders Trust started.

In November of 1987, Builders Trust opened its doors to service eligible members of the New Mexico Home Builders Association. At that time, the focus was on residential builders and artisans such as painters, masons, and framers and by the end of 1988, there were 154 Participants in the fund.

Though the first two years were difficult, the staff and Board of Trustees persevered. Then, a committee was formed to work on reforming the entire workers' compensation law. Their efforts were successful and became the reform of 1991 and, except for minor changes over the years, the law has basically stayed the same, and Builders Trust has flourished and grown to be the second largest writer of workers' compensation coverage in New Mexico.

By our 10th anniversary, the number of Participants had grown to 1,826, and by our 20th anniversary there were 2,150 Participants in the Fund.

During those first 20 years, the workers' compensation industry ebbed and flowed as it does, and large carriers came and went as their profit margins dictated. But Builders Trust, an unincorporated association, stayed as promised. When the housing bubble burst in 2008 – 2009, many contractors went out of business or downsized. In an effort to stay in business, many of them redirected their efforts and added commercial work to their resumé's. This led to the Builders Trust Board of Trustees making the decision to service commercial contractors in addition to residential contractors in 2011.

In 2018 at 30 years, Participant numbers had dropped to 1,623, from a high of 2,262 in 2006. Even though the number of Participants had declined, covered payroll increased from \$482 million in 2006 to \$709 million in 2022. Builders Trust had also moved claims adjusting and audit services in-house to better serve our Participants.

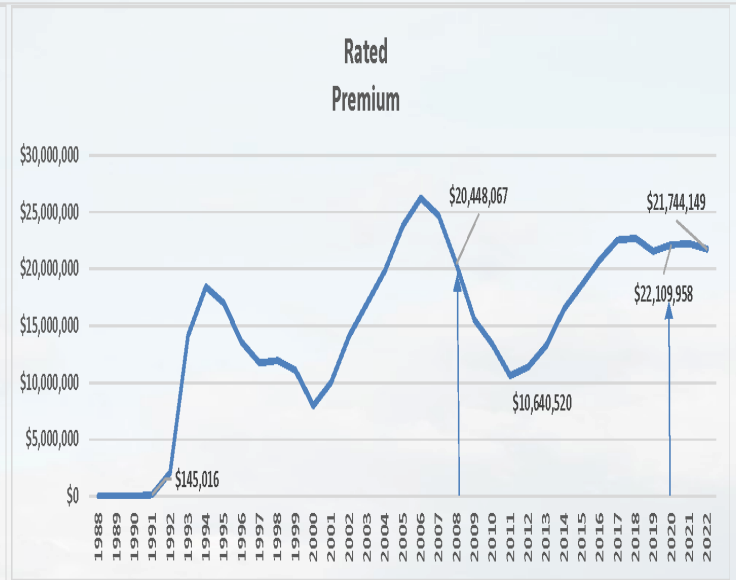
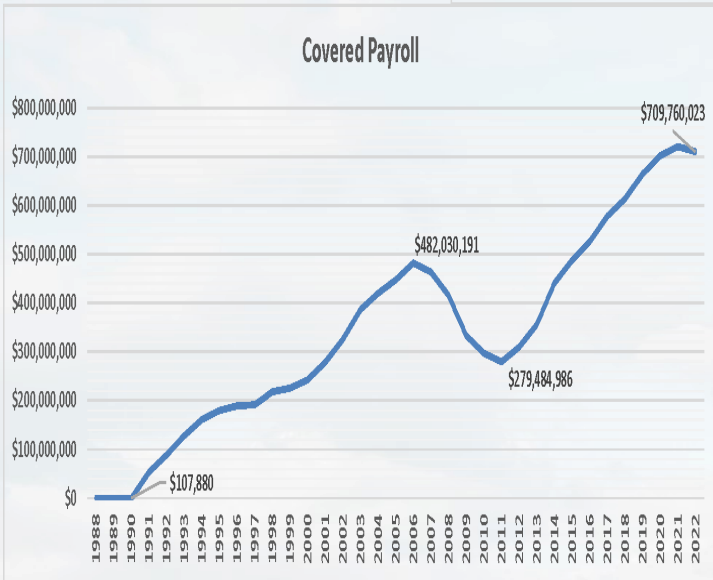
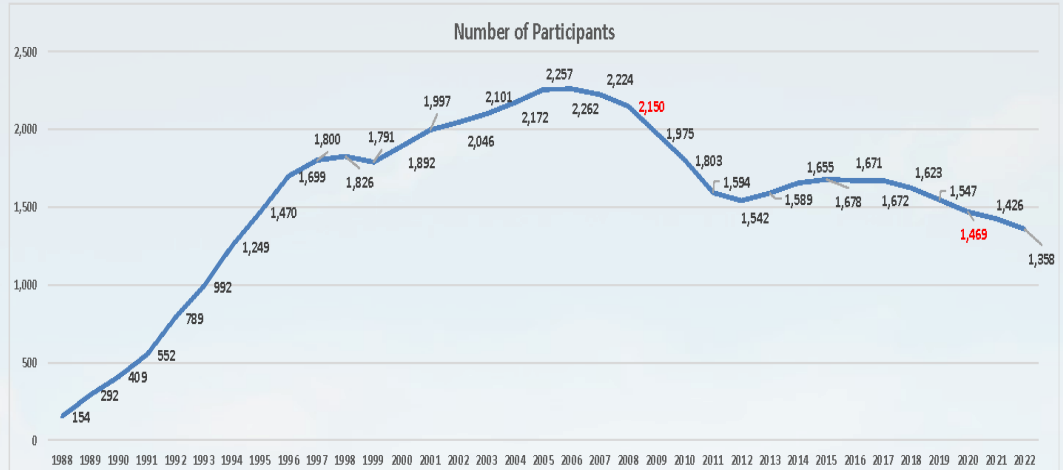
Over the years, safety was, and continues to be the primary focus of Builders Trust. The Board of Trustees has allocated significant dollar amounts to these efforts which include in-person safety training, on-line safety videos, podcasts, a traveling safety training trailer and now our Mobile Safety App, which puts safety on your phone and takes it right to the job site. In addition, our Field Safety staff has partnered with local HBAs, the AGC, the ABC and other contractor associations to offer top notch safety training for construction workers around the state. Builders Trust now conducts more safety training than any other carrier in New Mexico and only plans to grow this service.

Other innovative products and services that have been introduced over the years, such as the EZ Premium Factor, which combines all credits and debits into one EZ factor; the claims payment option program, and our insured portal, have helped Participants monitor claims, pay premium and control their work comp expenses as much as possible.

It's been 35 years and Builders Trust plans to be here for the next 35 years. Our Board of Trustees, consisting of Fund Participants just like you, will continue to search for and implement innovative solutions to your workers' compensation needs. Our first-class and knowledgeable staff is always here to help you in any way they can.

When you need us, we'll be here...now and in the future.

Though the number of Participants has fallen over recent years, covered payroll has continued to increase. This growth helps to ensure the stability of your Fund for the long term. The years reflecting the housing bubble and COVID-19 are shown in Red on the right.



2022 Board of Trustees

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Rawson Inc., Builders
Supply
Las Cruces

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Trustee
McGinley
Construction, Inc.
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Trustee
R.E. Davis Construction
Co., Inc.
Albuquerque

Mark Carpenter
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Mark Carpenter
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Clovis

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Trustee
GM Emulsion, Inc.
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McChristie Curry
Trustee
White Sands
Construction
Alamogordo

Rob Liessmann
Trustee
Liessmann
Construction
Company, Inc.
Farmington

Jason Lorenz
Board Advisor
Veloz Homes
Las Cruces



Chairman
Craig Kemper
Alvarado Roofing,
Inc.
Albuquerque



Vice-Chairman
David Gallegos
Ramirez & Sons,
Inc.
Hobbs



CEO
Randy Akin
Builders Trust
of New Mexico

Builders Trust of New Mexico
Audited Comparative Balance Sheets
December 31, 2022 and December 31, 2021

Assets		
Investments	76,914,853	84,986,285
Cash and Cash Equivalents	6,536,368	7,987,365
Premium Receivable	2,100,198	2,280,000
Insurance Receivable on Paid Losses	232,961	86,677
Insurance Recoverable on Unpaid Losses	5,410,578	6,956,503
Prepaid Expenses and Other	1,186,700	805,989
Property and Equipment	1,295,539	1,399,777
Other Receivables	411,503	355,623
Deferred tax asset	659,604	-
Totals Assets	94,748,304	104,858,219
Liabilities and Surplus		
Reserves for Losses and ALAE	41,981,078	45,619,977
Participant Deposits	3,793,813	3,744,891
Other Payables	943,232	928,400
Income tax payable	-	113,960
Deferred tax liability	-	1,525,600
Total Liabilities	46,718,123	51,932,828
Surplus	48,030,181	52,925,391
Total Liabilities and Surplus	94,748,304	104,858,219

Audited Income Statements
Calendar Years Ended December 31, 2022 and December 31, 2021

	2022	2021
Income		
Premium Income, Net	20,304,645	20,706,016
Investment Income, Net	1,435,778	3,887,931
Other	540,839	529,147
Total Income	22,281,262	25,123,094
Expenses		
Losses and Loss Adjustment Expenses	9,505,351	12,016,316
Administrative Expenses	3,858,951	3,675,931
Marketing Fees	2,362,847	2,264,408
Claims Management Expenses	976,804	798,850
Total Expenses	16,703,953	18,755,505
Income from Operating Activities	5,577,309	6,367,589
Unrealized holding gains arising during period-equity securities	(2,428,696)	1,248,209
Gain on sale of fixed assets	10,000	2,969
Income (Loss) before Taxes	3,158,613	7,618,767
Provision for Income Tax Expense (Benefit)	743,745	1,538,142
Net Income (Loss)	2,414,868	6,080,625
Other Comprehensive Income (Loss), Net of Tax	(7,310,078)	(2,271,903)
Total Comprehensive Income (Loss)	(4,895,210)	3,808,722

Builders Trust of New Mexico

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