

Builders Trust of New Mexico 2019 Annual Report



Jack C. Milarch, Builders Trust Administrator & CEO, retired February 2020.
**How did a man from Kalamazoo, Michigan end up creating our state's most successful
workers' compensation group self-insurance fund?**
Well, that is one of New Mexico's best, and little known, stories.



As founder of Builders Trust of New Mexico, Jack Milarch was the organization's only CEO until February of this year.

Nearing completion of his post-secondary education in 1970, Jack was drafted and ended up serving a four-year stint in the U.S. Navy. "In my time on Navy ships I got lots of experience running an office and having many interesting "employees" and "bosses" and yes, I still miss big salt water" commented Jack recently.

After being discharged from the service Jack moved to New Mexico with no job, no suit, no interview, and really no plan. After a couple years of miscellaneous jobs, Jack spotted an ad for a new employee at what was then Home Builders Association of New Mexico, to be in charge of a skills training program. Offering his experience with a similar program in the Navy, Jack was hired. He was soon crisscrossing the state running apprentice training programs during the mid-1970s. Mechanical, electrical, plumbing, and carpentry – he'd train young folks and help them find a job with Association members. When his boss retired, Jack was offered the head job and given the title of Executive Officer of the Association.

Home construction was rolling along in those early years, but by the mid-1980s an ugly storm was forming. Due to several changes in the law, the cost of worker injury claims began to skyrocket – and the state's economy was reeling from the crisis. Many insurance carriers left the state, and rates of those that stayed were unaffordable. New Mexico needed fresh new ideas and new plans and needed them quickly!

Always involved in the legislative process, Jack saw a bill in 1986 that would allow creation of association sponsored workers' compensation group self-insurance funds. He promptly got the bill amended to include construction and other trade associations. The big carriers of the day fought it, but with a stroke of Governor Anaya's pen, a completely new model to cover injured workers was ushered into New Mexico.

Jack then traveled the state with Association members, collecting money and support from contractors. From there, Jack was able to create, and file with the state, all of the necessary legal documents to start a self-insurance fund for members of the Association in 1987.

Asked what is important about Builders Trust to him, Jack said: "I'm proud of what we created, I'm most proud of our positive influence on the New Mexico economy, which was tanking fast when we created Builders Trust." "Having our own insurance entity was a huge goal – an audacious goal – and we actually achieved it. It is an amazing story and of course it wasn't just me who made it happen. It was Association leaders and members; it was a true group effort that shows what a motivated membership organization can do if they need to. Also, I must add that at Builders Trust we have stayed true to our Mission and Core Values and that too makes me extremely proud."

Thirty-two years later Builders Trust has never been stronger.

Thank you, Jack, you will be missed. We wish you calm waters and smooth sailing.

Rest assured, Builders Trust remains in great hands. After Jack's departure the Builders Trust Board of Trustees promoted long-time Chief Operating Officer Randy Akin to the position of Chief Executive Officer, and Randy is also now Administrator of Builders Trust's group self-insurance fund.

Builders Trust of New Mexico Audited Comparative Balance Sheets
December 31, 2019 and December 31, 2018

	2019	2018
Assets		
Investments	74,658,275	67,524,538
Cash and Cash Equivalents	5,184,512	4,694,160
Premium Receivable	1,821,000	2,098,000
Insurance Receivable on Paid Losses	167,159	391,148
Insurance Recoverable on Unpaid Losses	8,821,846	9,358,897
Prepaid Expenses and Other	717,911	574,342
Property and Equipment	1,683,277	1,737,051
Other Receivables	346,603	377,095
Deferred tax asset	-	-
Totals Assets	93,400,583	86,755,231
Liabilities and Surplus		
Reserves for Losses and ALAE	45,025,416	44,956,629
Participant Deposits	4,410,208	4,405,574
Other Payables	1,071,741	1,273,326
Deferred tax liability	1,332,800	220,500
Total Liabilities	51,840,165	50,856,029
Surplus	41,560,418	35,899,202
Total Liabilities and Surplus	93,400,583	86,755,231

Builders Trust of New Mexico Audited Income Statements
Calendar Years Ended December 31, 2019 and 2018

Income		
Premium Income, Net	20,185,004	21,623,335
Investment Income, Net	2,436,676	2,331,620
Other	528,427	556,640
Total Income	23,150,107	24,511,595
Expenses		
Losses and Loss Adjustment Expenses	13,886,214	11,687,071
Administrative Expenses	3,862,514	4,002,496
Marketing Fees	2,346,975	2,550,817
Claims Management Expenses	927,424	1,023,352
Total Expenses	21,023,127	19,263,736
Income from Operating Activities	2,126,980	5,247,859
Unrealized holding gains arising during period-equity securities	1,537,277	-
Gain on sale of capital assets	-	2,000
Income (Loss) before Taxes	3,664,257	5,249,859
Provision for Income Tax Expense (Benefit)	717,154	1,647,200
Net Income (Loss)	2,947,103	3,602,659
Other Comprehensive Income (Loss), Net of Tax	2,714,113	(2,330,709)
Total Comprehensive Income (Loss)	5,661,216	1,271,950

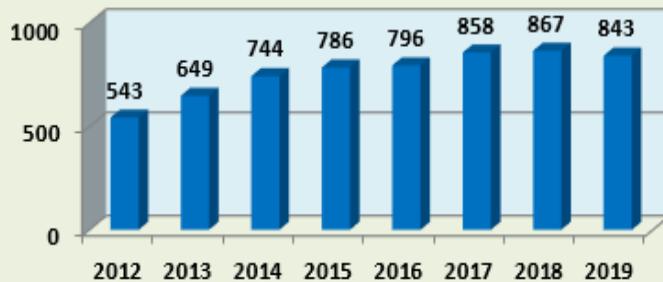
Source: Audited Financial Statements - December 31, 2019 & December 31, 2018

Claims By Mechanism of Injury

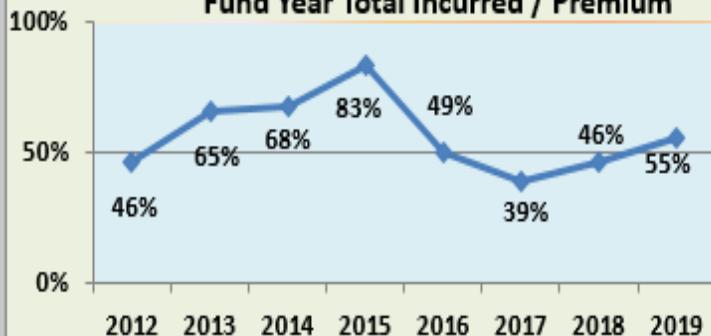
Type of Injury	Number of Claims	Total Cost	Avg Per Claim
Tools & Machinery	158	\$766,962	4,854
Lifting & Carrying	149	\$1,872,378	12,566
Falls From Ladders	62	\$939,114	15,147
All Other Falls	105	\$4,391,966	41,828
All Other	369	\$3,561,908	9,653
	843	11,532,328	



Number of Claims Reported By Year



Fund Year Total Incurred / Premium



Lee Rawson

Chairman
Rawson Inc, Builders Supply
Las Cruces

Rob Liessmann

Secretary/Treasurer
Liessmann Construction Co. Inc.
Farmington

Mark Carpenter

Trustee
Mark Carpenter Plumbing, Inc.
Clovis

Wayne Rutherford

Trustee
Wayne Rutherford Gen. Contractor Inc.
Taos

Kevin McGinley

Trustee
McGinley Construction, Inc.
Mesilla

Rick Davis

Trustee
R.E. Davis Construction Company Inc.
Albuquerque

Randy Crowder

Trustee
Randy Crowder Construction, Inc.
Clovis

Craig Kemper

Trustee
Alvarado Roofing, Inc.
Albuquerque

David Gallegos

Ramirez & Sons Inc.
Trustee
Hobbs

Lora Vassar

Arch Design
Trustee Ex-Officio
Albuquerque

Jack Milarch, Jr.

NMHBA
Trustee Ex-Officio
Albuquerque

Gabe Martinez

GM Emulsion/GM Septic Services, LLC
Board Advisor
Santa Fe

McChristie Curry

Board Advisor
White Sands Construction, Inc.
Alamogordo

Jason Lorenz

Board Advisor
Veloz Homes
Las Cruces