

# NEWS



## MARKET UPDATE – NATURAL DISASTER AND INSURANCE RATES

This past year saw the worst natural disaster in the history of the United States. Hurricane Katrina first hit Florida on August 26th as a category one hurricane, and days later hit New Orleans as a devastating category four. The insured losses from Katrina are estimated to be between \$40 billion and \$55 billion, displacing September 11th as the single most expensive insured occurrence in the U. S. to date.

insurance premiums in the next few years. The same can be said if you are located in a geographic area susceptible to natural disasters.

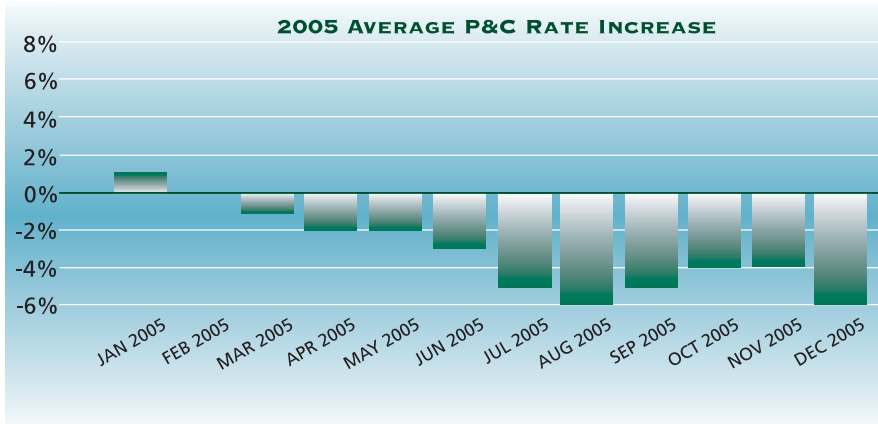
Most businesses will see a reverse in the softening trend that began in mid-2005. There will also be changes in the underwriting appetite of both insurance and reinsurance companies that could reduce coverage availability.



to service initiatives that will elevate your risk management program to a higher level. Your Broker should find ways that an insurance carrier can improve claims management services or where they can help you with safety and loss control.

### 3. UNDERSTAND YOUR OPTIONS

We strongly recommend that you be pro-active and plan ahead. This means meeting with your Broker 90 to 120 days before your policies expire. Acting early will afford you extra time to assess the market conditions and choose the best course of action. It may mean working with your existing carriers only, or it could result in opting to market your program to numerous carriers. During these planning sessions, you can also consider changes in program structure, determine where you need additional service support, and evaluate the effectiveness of your existing carriers and service providers. Planning ahead will avoid unwanted surprises. **G**



In the months immediately preceding Hurricane Katrina, the insurance market had stabilized with some indicators predicting a softening. The first half of 2005 saw a record-breaking combined ratio – a key measure of losses and other underwriting expenses as a factor of premium – of 92.7 percent, the best first-half combined ratio since the beginning of quarterly records in 1986.

This profit result means that most insurers should be able to absorb even the record-breaking losses from Katrina.

However, in October and November of 2005, some rates spiked upwards. Property premiums increased by as much as 33 percent, and while some experts predicted higher rates would carry over into other lines of insurance, casualty rates were relatively flat.

**What does this mean for your business?** If you are in the marina or energy industries, expect significantly higher

Drawing on more than 50 years of P&C insurance experience, The Graham Company has developed the following set of tips to help clients understand their risk management options and capitalize on market opportunities at renewal time:

**1. GET WHAT YOU PAY FOR** Your rates might not change in 2006, but that does not mean you're getting the same level of coverage. Your Broker needs to carefully negotiate specific coverage terms with insurance company underwriters so that you are assured the same level of coverage that existed in past years. To the extent there are changes in your program, you should expect clear communication of what this could mean to your business.

**2. LOOK FOR SERVICE COMMITMENTS** In most situations, your existing insurance carrier wants to retain your business. As such, now is the time to look for a renewed commitment

### IN THIS ISSUE

- 1 ■ Market Update
- 2 ■ Risk Management in Employee Benefits
- 3 ■ Graham Wraps Up Philadelphia Schools
  - The Graham Company's OCIP
- 4 ■ New Graham Emergency Claims Services
- 5 ■ Graham: Committed to Quality
- 6 ■ Leighton Joins Graham Board
  - Graham Supports Junior PGA
  - Graham's Spigle Returns Home from War
  - Graham's 12th PAR Excellence Award
  - Upcoming Graham Seminars and Workshops

## TAKING A RISK MANAGEMENT APPROACH TO EMPLOYEE BENEFITS

Unlike most employee benefits firms that only focus on reducing premiums in the short-term, the Graham Benefits process is geared toward the bigger picture. Using proven risk management techniques, the Graham Benefits team identifies risks in a company's workforce and develops tailor-made health and lifestyle programs to minimize those risks. This leads to a healthier overall workforce that results in lower claims costs over the long term.

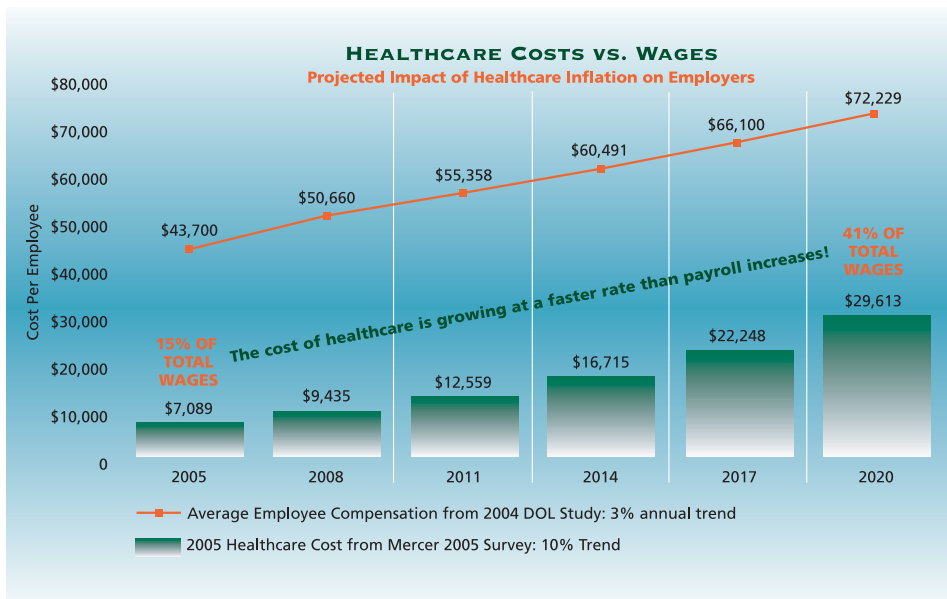
employers in the middle market cut healthcare costs over the long-term. By better managing the health and behaviors of plan members and implementing custom, incentive-based fitness and wellness programs, Graham can make a difference on an employer's bottom line.

**Information Management** is something most benefits brokers and consultants do once a year at renewal time. Graham takes a different approach,

Graham benefits consultants also find and manage supplemental partners such as wellness coaches to put more control over costs in the hands of employers.

Graham recommends that employers frustrated by rising healthcare costs and those looking for alternatives should consider the following:

- Have you changed benefits brokers/consultants more than twice in the past 10 years?
- Have your costs continued to rise, eating more and more of your profits?
- Are your employees unhealthy and missing work?
- Do you only hear from your benefits broker/consultant at renewal time?
- Do you feel like you're losing control?



While most other benefits brokerage and consulting firms concentrate only on managing a relationship with the insurance provider, Graham takes a more holistic approach – putting the client at the center of the benefits experience. Graham employee benefits consultants focus on three areas: Health Management, Information Management and Provider Management.

**Health Management** is a strong trend in many Fortune 1000 companies because the country's biggest employers know that 80 percent of illness and disease is caused by behavior and is therefore preventable. Graham helps


constantly studying and collecting data on plan members' habits and patterns. This data is continuously analyzed by Graham's expert health consultants, enabling employers to have the information they need to adapt to new and changing trends, thereby improving their returns on their benefits investments.

Finally, Graham implements a unique **Provider Management** program to ensure the company's clients get the best coverage. This means giving employers power over health programs traditionally controlled by providers, such as pharmacy management, medical management and voluntary benefits.

If you answer "yes" to any of the above, Graham invites you contact Kevin Mullen or Joe McGinty. Together these industry veterans have more than 35 years of experience in developing and implementing innovative benefits programs for Fortune 500 companies across the United States. They will meet with your team and provide you with a FREE benefits assessment.

Graham Benefits services include health, dental and short-term and long-term disability. The team has begun working with some of The Graham Company's most distinguished clients who want the best for their employees, and is available to work with other quality-oriented organizations.



For more information, please contact Kevin Mullen at 215.701.5338 or [kmullen@grahamco.com](mailto:kmullen@grahamco.com). 

## GRAHAM WRAP-UP EARNS TOP GRADES IN PHILADELPHIA SCHOOL DISTRICT

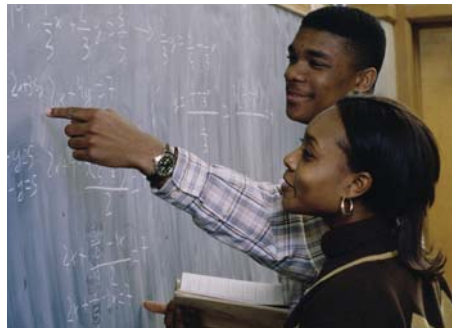
In November 2003, The Graham Company was chosen from a group of the region's top insurance brokers to administer a Wrap-Up or Owner Controlled Insurance Program (OCIP) for the School District of Philadelphia.

The School District's project is for the maintenance, restoration and building of new and existing schools around the city of Philadelphia. From an insurance standpoint, it is very complicated because it involves multiple contractors working simultaneously at numerous job sites. In many cases, it also poses an additional challenge because the children remain in class while the work is being done.

Recognizing the importance of safety in every situation, but especially those including children, The Graham Company has designed a custom Project Safety Manual for the School District and all participating contractors that includes safety training and regular visits from the Graham safety consultants. Graham also provides a dedicated account management team to ease administrative complications during every step of the process.

As with most Wrap-Ups, loss prevention is a key element in controlling insurance costs. With extensive Wrap-Up experience The Graham Company has always recognized the importance of

limiting loss exposures and works with each client to develop stringent safety programs. This project is no different. Graham has built loss prevention into every aspect of the School District's OCIP.



Together, The Graham Company and the School District of Philadelphia's Risk Management Department headed by Gina Pellegrino, Director, Risk Management, are working to create the most successful and efficient OCIP for the students, contractors and residents of the city.

The Graham Company's most recent related Wrap-Up experience includes the City of Philadelphia's Neighborhood Transformation Initiative (NTI), the Pennsylvania Turnpike Commission, The National Constitution Center, the U.S. Airways International terminal at the Philadelphia International Airport and several ongoing projects for the Delaware River Port Authority. **G**

### THE GRAHAM COMPANY'S OCIP – THE INTERSECTION OF RISK MANAGEMENT AND TECHNOLOGY

The Graham Company continues to develop new tools and techniques to improve client communications and overall efficiency of its risk management programs. This past year, Graham introduced a new technology innovation when it rolled out its Owner Controlled Insurance Program (OCIP) On-Line Enrollment Program. The new automated program makes it faster and easier for Graham clients to enroll in an OCIP.

Graham also made OCIP manuals available on the Internet for each of its Wrap-Up clients and contractors.

The company's OCIP clients have come to depend on Graham for state-of-the-art customer service, and The Graham Company is committed to exceeding their expectations year after year. **G**

### A GRAHAM COMPANY CLAIMS SUCCESS STORY

*Using Detailed Policy Knowledge to Avoid Significant Liability*

In heavy industry and manufacturing, accidents happen. It's The Graham Company's job to minimize the impact these accidents have on our clients' businesses. In the scenario described below, that's exactly what happened. While an unfortunate accident resulted in an on-site fatality, The Graham Company's meticulous coverage review on the front end and aggressive claims management on the back end helped limit our client's liability and ultimately avoid a significant financial loss.

An employee of a conveyor system manufacturer was killed when installing and testing a conveyor system at our client's facility. The conveyor manufacturer settled the Worker's Compensation claim for \$2.35 million dollars and then, along with the injured worker's family, sought to recover from our client on the basis that our client was negligent.

The General Liability insurance carrier for the conveyor manufacturer included our client as an "Additional Insured" on their Insurance Policy. However, in its review of other relevant policies, The Graham Company claims team identified an oversight in the conveyor manufacturer's Umbrella Liability Policy. The conveyor manufacturer failed to name our client as an "Additional Insured" on the Umbrella Liability Policy, despite a contractual requirement to do so. This was a critical find.

The conveyor manufacturer's general liability insurance carrier picked up coverage for our client for the first \$1 million. However, the umbrella carrier refused to accept liability in excess of that amount, saying that our client's own policies should be triggered before the manufacturer's Umbrella Policy.

Our client's insurance company was prepared to pay up to \$500,000 to resolve the claim, but based on Graham's knowledge of the contractual requirements and insurance coverage law, we pushed them to litigate the matter. Despite an ultimate finding of 30% liability on the part of our client, the conveyor manufacturer's insurance companies (both primary and umbrella policies) were found obligated to pay the full amount of our client's liability. **In the end, our client's insurance company paid no amount towards any settlement or judgment in this case.** Favorable outcomes like this preserve a client's claims history and, ultimately, reduce the long-term cost of insurance. **G**

## THE GRAHAM COMPANY UNVEILS EMERGENCY CLAIMS SERVICES

At The Graham Company, we understand that claims don't always occur during normal business hours. That's why we've created our "24/7" Emergency Claims Service. As an exclusive service for Graham Company clients, our team of Claims Consultants are available 24 hours a day – 7 days a week to provide claims expertise in the event of an accident during off hours.

Through years of claims experience, we have seen firsthand how on-site claims response can impact the ultimate



### EMERGENCY CLAIMS SERVICE AN EXCLUSIVE SERVICE FOR GRAHAM COMPANY CLIENTS

For 24/7 Emergency Response  
Contact Our Team of Experts at:


**215-567-6300**

***Because Claims Don't Always Occur  
During Business Hours***

outcome a claim has on your business. Putting in place simple response items like accurate contact lists, consistent

media and legal policies, and clear internal claims procedures can mean the difference between a huge liability and a well-handled claim.

Our team of experts has developed the following checklist to ensure more efficient and effective handling of emergency claims activities on site.

To learn more about The Graham Company's 24/7 Emergency Claims Services, contact Michelle Leighton at 215-567-6300. 

### *What Should I Do at the Scene?*

#### **THE GRAHAM COMPANY EMERGENCY CLAIM CHECKLIST:**

- 1** Care for the injured. Do not move injured individuals unless they are in immediate danger.
- 2** Obtain all pertinent facts of the accident; detail is extremely important.
- 3** Preserve evidence (take photographs, videos, etc.).
- 4** Limit conversations (DO NOT speak to anyone about the accident except the police\*, The Graham Company, or an investigator assigned by The Graham Company).
- 5** Promptly call The Graham Company at 215-567-6300.
- 6** Call your supervisor and safety/claims department.
- 7** Protect property from further loss and minimize business interruption.
- 8** For automobile claims:
  - A. Protect the accident scene so other motorists do not have additional accidents. Do not move your vehicle if at all possible.
  - B.\* Call the police. Advise them if medical help is needed while on the phone. Do not discuss significant facts about the accident. Do not admit fault and do not discuss times, speeds or distances.

*For emergency or catastrophic claims contact The Graham Company immediately.*

#### **EXAMPLES OF EMERGENCY/CATASTROPHIC CLAIMS**

- Fatalities
- Severe Injuries
- Floods
- Fire Losses
- Multiple Vehicle Incident
- Multiple Casualty Incident
- Large Dollar Losses
- Overly Irate Claimants
- Accidents Involving Spills/Pollutants
- Suspected Fraudulent Claims
- Incidents Which Could Erupt into Larger Losses if Not Tended to Immediately

## GRAHAM: COMMITTED TO QUALITY

At its 2006 Annual Meeting in January, The Graham Company Board of Directors reaffirmed its commitment to remaining the leading privately-held insurance broker in the tri-state region. This announcement came at a time of rebirth for the company, which has been successful in repeatedly reinventing itself to best meet the dynamic needs of its clients and employees.

Beyond reaffirming its commitment to remaining a privately-held company, CEO Bill Graham also outlined his ongoing commitment to reinvesting significant dollars into the organization's employee training and development programs. The Graham Company's Technical Development Department has thirteen professionals and has created many of the groundbreaking



programs and practices employed in Graham's risk management process.

The Graham Company laid out the specific elements of its new strategy at the

At Graham's 2006 Annual Meeting, the company unveiled its new mission statement:

## MISSION STATEMENT

### THE GRAHAM COMPANY IS COMMITTED TO:

Providing the highest quality insurance products and services to our clients;

Exceeding our clients' expectations and advocating their interests above our own;


Training, empowering, rewarding and retaining employees who are intelligent, hard-working problem solvers; and

Growing a dynamic, profitable and privately-owned company with an entrepreneurial spirit and a dedication to the well-being and happiness of our employees.



Annual Meeting. Our 2006 priorities include continuing to hire more high-quality, customer-oriented employees and investing in new technology development to increase levels of customer service, efficiency and quality of risk management programs. The company will also continue to develop and implement new programs based on its clients' needs and industry trends.

In addition to program improvements, The Graham Company has identified the organization's next level of leaders. This group was created to leverage and foster the wealth of emerging talent from every arm of the company including claims, risk management, sales, client service and technical development. This new level of leaders has risen to the top and is considered the best in their field, not only at Graham, but in the industry at large. They have begun working with the Board of Directors to help shape the future direction of the company.

The organization strives to maintain open communication with all clients and prospects through every step of the insurance process. This means being open about Graham's plans and strategies for growth as well as future developments. Today, more than ever, trust, quality and the "no surprises" motto are at the core of everything The Graham Company stands for. 

## GRAHAM ADDS MICHELLE LEIGHTON TO THE BOARD OF DIRECTORS



A longtime member of The Graham Company and the leader of the organization's Claims Services Department, Michelle Leighton will now join the organization's Board of Directors. In her new role, Michelle will help set the strategic vision for the company along with the other members of the Board.

Michelle will maintain her responsibilities as Manager of the Claims Services Department. In that role, she is responsible for guiding The Graham Company's Claims Consultants in providing the highest level of claims services for Graham clients.

Michelle graduated from Temple University with a Bachelor of Business Administration in Human Resources Administration. Upon graduation, Michelle joined the Personnel Division of Strawbridge & Clothier, a major Philadelphia retail chain, where she held several positions in their Employee Benefits Department. She later became their Manager of Disability Benefits, overseeing a department of five, where she was responsible for their Self-Insured, Self-Administered Workers' Compensation, Long-Term Disability and Short-Term Disability Programs for over 13,000 employees.

Michelle is a licensed Insurance Agent and has obtained the Associate in Claims (AIC) designation provided by the Insurance Institute of America. She is currently working toward the Associate in Risk Management (ARM) designation.


Other members of The Graham Company's Board of Directors are William A. Graham IV, Chairman; Michael J. Mitchell; Harry R. Johnson; Kenneth Ewell; Margaret C. Jones and Lucille Carey. 

## GRAHAM'S SPIEGLE RETURNS HOME FROM WAR



The Graham Company was pleased to welcome home Jo-Ann Spiegle from serving in the Middle East. In the Fall of 2005, Spiegle, a Navy Reserve Chief, returned to her position as a Graham Account Analyst under Vice President Ken Ewell.




The organization has many former military officers on staff, a group which understands Spiegle's dedication to protecting our nation. Now back at her desk, she is once again proving her dedication to world-class service for her clients. The Graham Company is proud Spiegle made it home safely, and wishes the same for every service person in the U.S. military. 

## GRAHAM HONORED WITH 12TH PAR EXCELLENCE AWARD

In what is becoming an annual event, The Graham Company was once again recognized for its outstanding Quality Assurance Program in 2005 by being awarded with an unprecedented 12th consecutive PAR Excellence Award.

The award is presented by PAR, Limited, a risk retention group sponsored by Assurex Global. It is given to sophisticated insurance agencies in recognition of their rock-solid stability and pace setting Quality Assurance Program while maintaining exemplary service and insurance solutions for their clients.


"Once again, Graham's track record for quality stands as a great example for all PAR insurers," said a spokesperson from PAR, Limited.

Assurex International is strategically located in more than 65 cities in the U.S. and Canada, and has representation in more than 55 other countries. 

## GRAHAM'S COMMUNITY SUPPORT IS PAR FOR THE COURSE FOR JUNIOR PGA

Keeping in line with its commitment to support local community organizations, The Graham Company once again sponsored the 2005 Junior Professional Golf Association (PGA) event at the Talamore at Oak Terrace Golf Course. Below, a Junior PGA representative presents The Graham Company Player of the Year Award to the winner of the boys' tournament. The same award was presented to the winner of the girls' tournament as well.



The Graham Company is proud to support the development of young adults in sports, and looks forward to participating in the Junior PGA event again in 2006. 

### UPCOMING GRAHAM SEMINARS AND WORKSHOPS

**APRIL 27, 2006 – CRANE SAFETY MANAGEMENT AND RIGGING SAFETY**

**MAY 12 AND 19, 2006 – CLAIMS WORKSHOP**

The Perfect Storm – Where Coverage, Catastrophe and the Claim Meet

**OCTOBER 26 AND NOVEMBER 2, 2006 CLAIMS WORKSHOP**

The Tough Liability Claim – Loss, Liability and Limiting Your Exposure

**NOVEMBER 9, 2006 WELDING HAZARDS IN THE WORKPLACE**