Volume III, Issue I: Winter 2011

GRAHAM ADVISOR

COMMENTS FROM THE CEO

At The Graham Company, we've made significant in-house investments in training and education because we know it can be the difference between properly managing and insuring an exposure and sustaining a loss. That's why we train our professional staff for a minimum of three years – that's eight times the industry average; it's also why we offer educational seminars as part of the insurance and employee benefits programs we deliver. We believe our partnership is most effective when we both understand your organization's risks and the most effective way to handle them.

You may have heard us say "Actions matter." We view education as a critical action we must take to keep your employees safe and your business thriving. We don't just passively share education materials with you; we proactively come to your site and educate you on business interruption insurance or the insurance-related due diligence questions to ask before an acquisition. We even have the in-house safety expertise to train your employees on everything from crane hand signaling to material handling and ergonomics.

What I find most exciting about our education programs is that each seminar not only presents an opportunity to protect a worker or enhance a policy, it also presents an opportunity for us to learn from you.

In this issue, we're heading back to class… well not exactly; but we are illustrating how education can add value to your organization's risk management program. We're even sharing our best success stories, which we hope will motivate you to incorporate education into your insurance and employee benefits program.

We'd love to hear from you; please send an email to feedback@grahamco.com.

Best Regards,

Bill Graham

WILLIAM A. GRAHAM, IV
CPCU, CLU, CEO

BECOMING SMARTER

RISK MANAGEMENT DECISION-MAKERS

Throughout the year The Graham Company holds various educational seminars through what we refer to as Graham University. This year, Graham University will again offer seminars on claims management, safety training, insurance and employee benefits coverage and contractual risk transfer. You're probably wondering why an insurance broker offers this type of client education. Our answer is simple: we believe smarter clients make better risk management decisions.

The risks facing your organization are complex and, while there is no "cookie cutter" answer or strategy, we know that client education can sometimes be the difference between risk prevention and a catastrophic claim resulting from a risk that was never accounted for. Furthermore, we recognize that hands-on training is essential to help you review the advantages or disadvantages of different policy options. Marty Irons, Vice President – Technical Development at The Graham Company said, "Education is essential; for us it's not just about selling an insurance policy. We integrate education into our risk management approach because there are often multiple options on how to address a risk, and we want to work with our clients to develop the approach that is the best fit for them."

Our risk management process is driven by continuous strategy and service delivered on a daily basis, working through loss development analyses and delivering superior coverage throughout the year, not just at renewal time. But that risk management approach also requires a strong partnership so that we can assist clients in evaluating the different methods of handling a specific risk. These options include:

1. Avoid it.
2. Reduce it (via safety, loss control and good claims management).
3. Transfer it (via a contract).
4. Insure it.
5. Retain it.

AVOID IT. REDUCE IT.

Our claims management seminars help reduce the potential and magnitude of a loss by providing claim management strategies to help control problematic Workers Compensation claims or to help maximize your recovery in a Business Interruption loss.

Beyond claims seminars, safety seminars have proven to be extremely popular and in demand. These life-saving seminars range in topic from updates on the latest OSHA changes to proper crane hand signaling and ergonomics. In addition, our Safety Services

CONTINUED INSIDE

Photo credit: Worth & Company, Inc.

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Department can provide tailored safety training on specific topics to help prevent or minimize losses.

TRANSFER IT.

To help you better understand the risks you assume in your contracts and to ensure you are maximizing your risk transfer to your vendors, Graham University offers contractual risk transfer seminars. Pat Hurst, Vice President of Finance at Worth & Company, Inc., a full-service mechanical systems provider in the tri-state Pennsylvania, Delaware and New Jersey region, has been attending contract review seminars since 2009. “We face about 200 contracts per year, so it is mission critical that everyone, including estimators, project managers and myself, understand the indemnification process and recognize and address contract exposures.”

Recognizing the significant impact that Worth & Company’s staff has on contractual risk, The Graham Company has come to the organization’s Pipersville, Pa., headquarters on several occasions to review contracts alongside employees. This real-world style of training has educated staff on recognizing the exposures in each contract, who or what is indemnified and how it relates to the insurance policies.

“Following our staff’s assessment of each contract, Graham reviews each one as well, and the turnaround time is remarkable. They advise us on how best to cover uninsured risks and they provide the necessary addendums to transfer our risk when necessary,” said Hurst. “Our ability to effectively manage contractual risk is largely due to their exceptional level of training.”

INSURE IT.

Your insurance program is designed to protect your organization from the risk of a loss. However, unlike most other products that allow you to “try before you buy,” the quality of your insurance coverage can only be determined after a claim. Structuring a sound insurance program before a loss is critical not only to the viability of your organization, but also to your ability to secure insurance coverage at a competitive price. Our insurance coverage seminars help explain the policy options available to you on a wide range of topics, including:

1. Auto Insurance: when employees rent a car, should they purchase the insurance from the rental car company or are they covered through the employer?
2. D&O Coverage: are your executive officers properly protected if they are on the Board of Directors of non-profit entities?
3. Mergers & Acquisitions: what are the insurance-related due diligence questions to ask before you make an acquisition?

RETAIN IT.

The last risk management method, retaining risk, can be broken into two categories: known (risk you intentionally decided to assume) and unknown (risks you have to pay for even though you didn’t plan for it). As part of every renewal, we build in an educational component by explaining how the various coverages work and by reviewing a detailed list of over 120 different types of insurance policies that are available to determine which may apply to each client.

“Graham may define themselves as insurance brokers and consultants, but I would argue that they are educators as well, and the lessons they have taught me and my staff have equipped us to make better, more informed risk management decisions,” said Hurst.

Be on the lookout for invitations to upcoming seminars. To discuss on-site training opportunities with us, please contact Marty Irons, CPCU, CIC, ARM, Vice President - Technical Development Department at The Graham Company, at mirons@grahamco.com or 215-701-5266.

GRAHAM SIGHTINGS

EXPERTS IN THE NEWS

JIM MILLER ON SOCIAL MEDIA AND BENEFITS

Employee Benefit Adviser:
February Issue

KEVIN CONNELLY & JIM MARQUET ON PORTFOLIO RISK MANAGEMENT PROGRAMS

Risk & Insurance:
April Issue

GRAHAM GIVES BACK

- The Graham Company’s Charitable Giving Committee collected 60 coats for "Feel the Warmth,” a Philadelphia-based non-profit that provides winter jackets to families in need across the city.

MOVERS & SHAKERS

- The Graham Company launched the new www.grahamco.com on February 7th. The website includes a short video featuring several clients as well as a comprehensive “Knowledge Center” that offers industry-leading insight from our professional team. Check it out today.

- Ken Ewell, Executive Vice President, has been appointed to the Board of Directors of the Council of Insurance Agents & Brokers (CIAB), the premier association for the top commercial brokerage firms and agencies.

- Tim Folk is a blog contributor for the Pennsylvania Non-Profit Homes for the Aging (PANPHA). His first post on managing risks with volunteering appeared on January 18th. To check out PANPHA’s blog, go to blog.panpha.org.

- The Graham Company ranked 6th in the *Central Penn Business Journal’s* 2010 Best Places to Work in Pennsylvania, a competition that included over 15,000 businesses across the state.

BENEFITS BRIEF

It is never too early to begin evaluating how well your employees are adapting to plan changes made during your most recent open enrollment; frequent communication and ongoing education are critical tools for success.

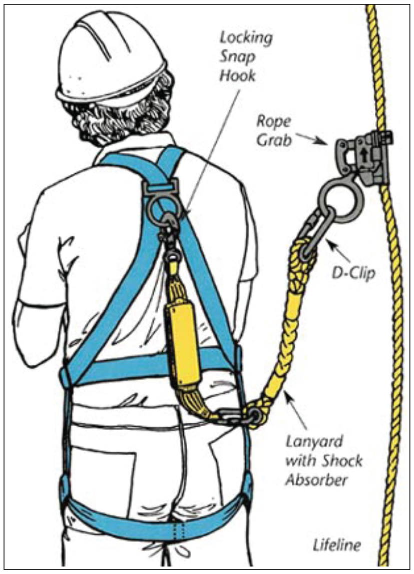
The leap from traditional co-pay plans to high-deductible plans paired with a Health Savings Account or Health Reimbursement Account is significant. Employees will likely have a number of questions, from when to use their account debit card, to understanding how to match up the explanation of benefits with a provider bill. In our experience, face-to-face presentations still prove to be the most effective communication tool. Rather than tossing the fine print from insurance carriers at employees, your broker must put themselves into employees’ shoes; this means providing real-life claims examples, explaining the difference between medical and prescription claim processing and scenario planning so employees understand how to handle upcoming claims.

Even with stellar training, you still need to repeat! In addition to initial training, The Graham Company also provides mid-year training refreshers to address specific claims questions and also to discuss what’s working and the points of confusion. Remember, when it comes to making significant changes in your benefits plan, you need a broker that will train, train and train again.

To discuss our approach to open enrollment training, please contact Christy Scheuerman, Employee Benefits Consultant, at cscheuerman@grahamco.com or 215-701-5251.

TURNING SAFETY TRAINING INTO A COMPETITIVE ADVANTAGE

In today's competitive business environment, safety should be the number one priority of every employer. Simply meeting minimal federal or state safety requirements is not enough to give your organization a competitive advantage. Rather, safety needs to be a core value of your organization. This requires strong employee/employer commitment, proper engineering and administrative controls and a properly trained workforce.



The proper use of personal fall arrest systems is an important and life-saving seminar that Graham frequently provides to its clients.

MAKE IT A CORE VALUE

Beyond the harm suffered by employees, an employer that is not managing safety correctly can easily receive OSHA or MSHA fines, increased insurance premiums when the insurance marketplace begins to harden and declines in productivity that can result from a demoralized and unmotivated workforce. On the contrary, employers that make safety a core value recognize that quality training positively impacts not only their employees, but also their bottom line. Statistics show that high-quality safety training saves lives, reduces injuries and ultimately saves money for those companies who are investing in it wisely.

START ON DAY 1

Safety training should begin on the first day of an employee's tenure. Safety training is particularly important in certain circumstances. For instance, when:

1. A new employee joins your company
2. An employee changes jobs within your company
3. An existing exposure increases, perhaps because of a greater volume of work
4. A new exposure is identified, perhaps when new equipment is purchased.

Mark Troxell, Vice President – Safety Services at The Graham Company, advised, "Training should be updated regularly to ensure that all employees are fully knowledgeable on the daily risks posed and to keep the attention of employees."

GO BEYOND MANDATES

Employers are legally responsible for providing the safety training mandated by OSHA or MSHA. Every new standard that OSHA and MSHA enact into law contains a mandatory training requirement. OSHA and MSHA have placed the responsibility on the employer to ensure that all workers have a safe and healthful workplace. This requires employers to provide adequate and ongoing training to ensure workers are able to identify exposures in their workplace. Whether you work in construction, manufacturing, distribution or behavioral services, ensuring that your employees understand the potential safety exposures associated with their job is necessary. But the most successful employers train on safe work procedures, which often exceed minimum OSHA or MSHA safety requirements.

INVEST IN QUALITY

"Educating employees on safe work procedures gives employees a sense of safety and security while performing daily tasks, which can lead to increased productivity," said Troxell.

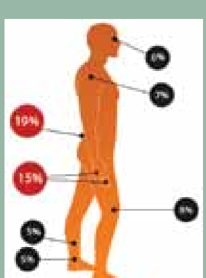
Some particular safety training performed by Graham within the past year includes:

1. OSHA 10-Hour Outreach for General Industry
2. OSHA 10- and 30-Hour Outreach for Construction
3. Rigger Level 1 Training
4. Forklift Operator Training
5. Trenching/Excavation
6. Hand and Power Tool Safety
7. MSHA 8-Hour Refresher Training
8. Ergonomic Team Training
9. Crane Signal Person Training
10. Hearing and Respiratory Protection Training

"We customize the training to the client's exposures so the training has more impact with employees," said Troxell. "The more applicable our training, the more receptive employees are to it, and that means fewer accidents and safer employees."

To learn more about our safety training programs, contact Mark J. Troxell, Vice President - Safety Services at The Graham Company, at mtroxell@grahamco.com or 215-701-5340.

STAGGERING STATISTICS



Among all injuries reported by riggers, 19% are back-related.

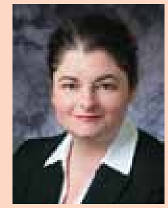
Muscle and tendon strains and sprains from lifting, carrying or moving metal objects like scaffolding are most common.*

Among back injuries reported by riggers, it is suggested that 88% could have been prevented with proper training on lifting.**

**Bureau of Labor Statistics*
***Insurancenews.net*

ASK THE EXPERT

JEANNE ORONZIO ON CYBER LIABILITY



Q. My company doesn't sell any products or services over the Internet. Why do we need cyber liability insurance?

A. The term "Cyber Liability" encompasses an array of liability exposures that are not necessarily tied just to businesses that sell their products or services over the Internet. In fact, it's a bit of a misnomer, since a cyber liability policy can cover your exposure for failure to protect an individual's personally identifiable information or confidential corporate information from theft – even when the data was being stored in paper files.

Some of the exposures that can be covered include:

1. Information security and privacy liability for failure to protect information held on computer systems, Smartphones, laptops or paper files
2. Cost to notify affected individuals that their personal information has been breached, as required by law
3. Loss of business income when a "hacker" prevents your customers from accessing your website
4. Personal injury (such as libel) that may result from the use of blogs on your website or other social media
5. Liability for your customers' business interruption suffered because a "hacker" prevented their access to your website or systems, among others

Q. Isn't this covered under one of our other insurance policies?

A. Not likely. Traditional insurance policies were not designed to cover these types of exposures, so any coverage you might find under your general liability or professional liability policies will be very limited or simply accidental. Any endorsements offered to provide coverage for a specific component of cyber liability exposure are typically not as comprehensive as buying a separate policy.

The available insurance products are evolving along with the exposure. You have the ability to tailor an insurance policy to fit your needs and your price point, but coverage comparisons are difficult among carriers. We can help you evaluate your options.

To ask more specific questions about cyber liability and other emerging coverages, please contact Jeanne Oronzio Wermuth, CPCU, CIC, ARM, Senior Technical Specialist at The Graham Company, at joronzio@grahamco.com or 215-701-5409.

EXECUTIVE ANNOUNCEMENTS

Executive Forum Spurs Lively Discussion on Current Political & Economic Environment

Just one week after the November elections, The Graham Company presented its Executive Forum, "Changes, Challenges and Opportunities in Today's Political and Economic Environment." On the heels of the November elections, the seminar included lively discussion on a number of important political and economic topics that continue to challenge today's business professionals.

Thirty attendees from various industries, including construction, distribution, manufacturing and law, packed the Philadelphia Country Club in Gladwyne on November 9, 2010, to listen to Dr. William Dunkelberg, Professor of Economics at the College of Literature and Arts at Temple University. Regarded nationally as the authority on small business, entrepreneurship, consumer behavior and consumer credit and government policy, Dunkelberg also currently serves as Chief Economist for the National Federation of Independent Business and as Economic Strategist at Boenning & Scattergood.

SAVE THE DATE
FOR THE GRAHAM COMPANY'S NEXT
EXECUTIVE FORUM

When: March 24, 2011, 4 pm to 6 pm
Where: The Philadelphia Country Club
Speaker: Homeland Security and Cyber-Terrorism Specialist

Dunkelberg captivated the audience as he discussed the real impact the economic downturn and challenging political climate are having on businesses today. Following his hour-long discussion, many attendees voiced questions about the changes on Capitol Hill that will impact businesses most. Health care reform and the Federal Reserve Bank's new round of qualitative easing (QE2) were the most prevalent concerns addressed.

To attend our next Executive Forum this spring, contact Kevin Smith, CPCU, ARM, Vice President at The Graham Company, at ksmith@grahamco.com or 215-701-5323.

THE GRAHAM COMPANY®
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