

GRAHAM ADVISOR



EXECUTIVE ANNOUNCEMENTS

MARKED BY AWARDS, EVENTS AND GROWTH, GRAHAM COMPANY HAS BEEN BUSY OVER THE PAST COUPLE OF MONTHS IN ALL THREE OF OUR OFFICES

Philadelphia, PA

Employees at Graham Company's headquarters celebrated ranking third in The Philadelphia Inquirer's 2019 Top Workplaces for midsize companies. This marks the tenth consecutive year that Graham Company has been named a top workplace in the region. We are extremely proud of our culture here at Graham and appreciate this recognition, validating that we have created a place where our employees love to be every day.

Washington, DC

Our Washington, DC office hosted its second annual viewing party for the Blue Angels air show by the U.S. Navy Flight Demonstration Squad. The event, held on a yacht on the Severn River in Annapolis, Maryland, brought together 75 attendees, including Graham clients, business partners, insurance carriers, friends and family.

New York, NY

Graham Company's New York office welcomed two seasoned producers who will be tremendous assets in serving existing clients and building clientele in the area. The New York team also recently secured new business previously held by the largest brokerages in New York City, as well as a new Health & Human Services client that supports more than 4,000 neurodiverse individuals throughout Long Island.

ACTIONS MATTER.®



NOTES FROM THE PLAYBOOK

THE GRAHAM WAY: HIRE FOR TALENT, TRAIN FOR INSURANCE

Talent is the foundation of any successful organization and I'm often asked how Graham Company has managed to attract such high-caliber employees. I always say it's due to our contrarian approach to hiring — we look for the best and brightest from any industry, knowing we have the unmatched training to turn bright individuals into insurance experts. That's how we're able to boast a workforce that includes attorneys, CPAs, financial advisors and engineers.

The impetus for our unique hiring philosophy started in 1982, when

Graham Company was really starting to grow and we were in hiring mode to keep up with the workload. After two years of searching for competent candidates without any traction, I had a fateful discussion with Dr. Bill Glendenning, who was the head of Temple University's Risk Management and Insurance Program.

He told me IBM was the highest paying employer — out of any company — with entry-level salaries of \$21,000. This was at a time when insurance starting jobs paid \$13,000. When I told him I'd pay



WILLIAM A. GRAHAM, IV
CEO

\$23,000 for the best graduates, he said, "Once word gets out, you'll have a line down Broad Street waiting to knock on your door!" I decided to take his advice and it's one of the biggest reasons Graham is the company it is today.

I've learned surrounding yourself with the right people, regardless of previous insurance experience, is the smartest thing you can do. People are the lifeblood of your company. They're the biggest reason I can have the peace of mind that our clients' employees and bottom lines are always protected.

GRAHAM SIGHTINGS

EXPERTS IN THE NEWS

Forbes

Karen Boyle
on Graham's
leadership training.

McKnight's

Bette McNee &
Erin O'Leary
on policies
and procedures.

CONSTRUCTION

Nick Cushmore &
Ian Mitchell
on cyber
vulnerabilities.

PROPERTY CASUALTY360°

Kevin Smith
on water
damage risks.

NEWYORKPOST

Carl Bloomfield
on mitigating
employee burnout.

Construction DIVE

Shane Riccio
on contractors and
insurance policies.

RISK MATTERS BLOG

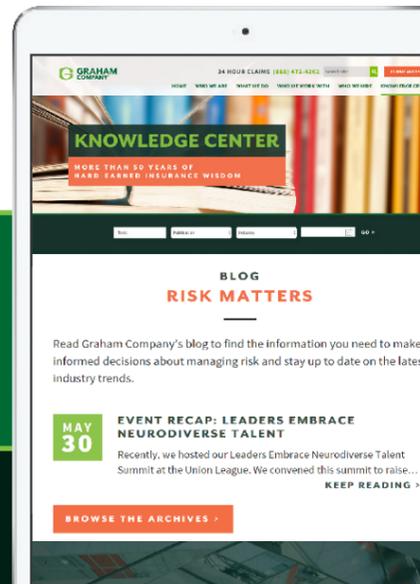
Our experts discuss managing risk and industry trends affecting your business on our Risk Matters blog.

To read more, visit grahamco.com/knowledge-center.

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EVENT RECAP: LEADERS EMBRACE NEURODIVERSE TALENT

Mike Mitchell recaps a summit we hosted that convened Philadelphia business leaders to discuss the positive impact neurodiverse talent can have on an organization.



CLIENT FEATURE

A GRAHAM COMPANY CASE STUDY

GRAHAM COMPANY'S ALLAN MYERS SERVICE TEAM

Construction Specialists

With more than 50 years of experience providing construction insurance, Graham Company is a leader in the field, working on some of the largest, most complex projects in the country. We assist with advice and services to manage all aspects of construction-related risk — from managing intricate professional liability issues to jobsite safety and claims management support.

We bring a unique, proactive approach to risk management, so when an issue does arise, our clients have the confidence and comfort that they know what to do and who to call: the Graham Company Construction Team. Our work with Allan Myers, a long-time client, is a great example of this.

Allan Myers Quick Facts

- Founded in 1939, still family-owned
- Largest civil construction and materials producer in the Mid-Atlantic region
- 2,000+ skilled craftsmen working across more than 25 locations throughout Pennsylvania, Delaware, Maryland, Virginia and Washington, DC
- 2017 ENR Mid-Atlantic Contractor of the Year
- Strong leadership in safety — .76 OSHA recordable rate is 4x below national average

24/7 Strategic Counsel

When an automobile accident occurred in the middle of the night, Allan Myers' driver knew exactly what to do — pull out his Graham Company accident kit, document the scene and immediately call Graham's 24-hour claims hotline.

When the phone rang at 2 a.m., we immediately swung into action, notifying insurance carriers and partners and having the proper personnel on the scene within 30 minutes.



"I have been working with Graham for 30 years and simply put, they have made us a better organization from a risk management and safety standpoint. They are our partner, not just because they have reduced our risk and cost, but because they have our backs covered — always have and always will regardless of what happens."

ROSS MYERS, CEO, ALLAN MYERS, INC.



Relentless Client Advocate

At Graham Company, we pride ourselves on digging into the weeds of policies, understanding the fine print to protect clients' employees and balance sheets. Following the accident, we intensely and efficiently analyzed the details of the claim, pouring over policy coverage to develop a comprehensive action plan. Despite pressure from the insurance carrier to settle, we advised the client they were not liable and worked hand-in-hand to build the case.

Graham's team of construction experts were with Allan Myers throughout the whole process, even being present in the courtroom when the positive defense verdict came in.



BENEFITS BRIEF



DANIEL R. JORDON
Managing Director

Regardless of the size of an organization, health care coverage remains one of the largest expenditures for any employer, as medical and pharmaceutical costs continue to escalate nationwide. According to a report by National Business Group on Health, the cost of providing health care and pharmacy benefits jumped 5% in 2019, for the sixth consecutive year, now costing employers an estimated \$15,000 per employee.

As an insurance broker and full-service employee benefits consultant, Graham Company is committed to helping our clients control health care costs without sacrificing any of the benefits they offer to their employees. Given the current market, this means looking for innovative solutions to incorporate into employee benefits packages. One of those solutions is working with a pharmacy benefit manager (PBM) that leverages a fiduciary model. This model is disrupting traditional PBMs that have been highly criticized in recent news headlines.

Introduced many years ago, traditional PBMs intended to reduce drug costs covered by employers and increase access and affordability for consumers. However, contracts under this model are based on rebates between PBMs and pharmaceutical manufacturers, often benefiting a PBM's margin rather than translating into cost-savings for the employer or the consumer.

Contracts under the fiduciary model, on the other hand, remove rebates and instead focus on the importance of full transparency and trust between all parties. Inherent in the meaning of a "fiduciary" or a trustee, PBMs using fiduciary language in contracts simultaneously consider the financial interests of clients and the best pharmaceutical or therapeutic solutions required to address varying clinical needs. For example, this may involve using a therapeutic equivalent to a brand name drug that is significantly less expensive, but still produces the same, if not better, clinical outcome.

We know the PBM market is very layered, which is why we immerse ourselves in the contracts, prescription spreadsheets, auditing reviews and formularies to ensure our clients have the full picture and that PBMs have considered all possible avenues for cost savings. By working with PBMs using the fiduciary model, we're able to help our clients attack costs associated with health benefits and improve bottom lines, while also making sure any impact to their employees is taken into consideration. Overall, the health care industry is moving toward increased transparency and fiduciary PBMs are one way to achieve that.

ASK THE EXPERT



LUKE A. FOLEY
Producer

What is causing the current tightening of the insurance marketplace?

There are many factors impacting the insurance market. For commercial property, it is predominantly the effect of an uptick in the number of natural disasters, with hurricanes, windstorms, fires and flooding causing catastrophic property loss. This increase is in not only the number of disasters, but also the areas impacted — no longer just devastating coastal regions. For commercial auto, it is the result of long-term underperformance due to more distracted drivers, a surge in the cost per auto claim due to expensive repair parts for vehicles and a rise in large jury awards and settlements. To stay afloat, insurance carriers are adjusting pricing on other lines of coverage to make up for the loss in these areas.

What does it mean when the insurance market is changing?

Generally, a series of catastrophic events or a weak economy may cause insurance costs to rise and, as a result, insurers to tighten their underwriting standards. This is characterized by relatively high premiums, generally fewer options for coverage and reduced willingness of insurance carriers to compete for business, and thus, negotiate terms. For reference, in Q1 2019, premium pricing increased by an average of 3.5%, compared to 2.4% in Q4 2018 and 1.6% in Q3 2018, according to a recent report by The Council of Insurance Agents & Brokers.

Who is impacted?

We are seeing this impact clients in every industry we represent, whether it is Health & Human Services, Manufacturing, Construction or Real Estate. While some industries may be affected more than others, for the first time in several years, we are seeing increases in almost every sector. Of coverage lines, however, commercial auto, commercial property and umbrella/excess liability are experiencing the highest rate increases.

Learn how we help our clients combat these market changes by visiting [grahamco.com/knowledge-center](https://www.grahamco.com/knowledge-center).