

# GRAHAM ADVISOR



## The Graham Company Becomes 100% Employee-Owned

At The Graham Company, talent is the lifeblood of our organization. Our diverse team of insurance professionals – which includes people from all industries, such as legal, finance, engineering, technology and more – is the best of the best. They always try to do things the right way, living and breathing the intricacies of your businesses in order to deliver the unmatched service you deserve.

Our unique culture was established more than five decades ago – it's what we call the Graham Way. As competitors are consolidating, we're expanding our team, our offerings and our physical footprint to better serve you. And we want to guarantee that we'll be able to do that for decades to come.

That's why The Graham Company has become 100 percent employee-owned through an employee stock ownership plan (ESOP).

We decided to make a smart investment in what we see as our primary differentiator – our people. Existing shareholders sold their shares to the plan, and every employee is now able to own a piece of the company. When we think about planning for the future, we know that we want to continue to remain privately held and to perpetuate our ownership internally. Under this new structure, we are able to achieve just that, ensuring our employees are empowered to have a vested interest in the bright future of our company. The pride and excitement displayed by our more than 180 team members when we made this exciting announcement last month was enough for us to know that we had made the right decision.

Our shared success is completely contingent upon our relationship with you and the value we are able to provide you. Every person who carries a Graham business card is a zealous advocate for our clients, always proactively thinking about how to better protect you from intricate risks and

helping you meet your business goals. This quality of service will remain unchanged. The ESOP provides a constancy of purpose, and focuses everyone on the mission of exceeding the expectations of our customers, while meeting the goals of the company.

Certainly, this is an important internal milestone. However, we are even more excited about what this means for our clients.

Numerous studies have found that employee-owners are more productive – 83 percent of ESOP Association members reported that motivation and productivity increased as a result of the organizational structure. It is also associated with greater employment stability. People feel content and confident in their role, which means they're more likely to stay around. This contributes to our already excellent employee retention rate – we are fortunate that more than 15 percent of our staff has been with us for more than two decades. And finally, employee ownership has been linked to faster employment growth. We'll be able to use this stock plan as a recruitment tool so that we're able to continue to hire the best and the brightest to provide our clients with the strategic guidance needed to address the most complex risk issues.

Although we have grown to be one of the Mid-Atlantic's largest insurance and employee benefits brokers, The Graham Company remains very much a closely-knit family. Our employees work harder than anyone in the business, and we believe strongly in acknowledging this and rewarding their contributions to your business' well-being. We are certain that this transition will greatly benefit both them and our valued clients.

As always, we appreciate the opportunity to serve our clients and their organizations. It is our greatest honor.

**WILLIAM A. GRAHAM, IV**  
CPCU, CLU, CEO

**MICHAEL J. MITCHELL**  
Vice Chairman & Principal

**KENNETH L. EWELL**  
President & COO

# GRAHAM SIGHTINGS



On March 23, 2017, we were named #1 Top Workplace in Philadelphia!



Follow Us on Twitter & Instagram: @TheGrahamCo

## BENEFITS BRIEF

### Consider Self-Funding Plans

Health insurance has long been a significant expenditure for employers, ranging from 15-20 percent of payroll, but as the cost of providing health benefits continues to escalate, organizations are looking for new ways to manage the increase. As benefits programs represent a significant factor in recruitment and retention, employers must search for ways to design healthcare programs that keep costs down without sacrificing the overall satisfaction of employees.

Many businesses are trying to curb rising healthcare costs by offering high deductible health plans (HDHPs). In this new environment, where employees are covering more of the burden of their healthcare costs, a simple way that organizations can minimize costs is by encouraging employees to become more conscious healthcare consumers.

#### Empowering Employees to Make Smart Healthcare Decisions

Employers can work with their benefits broker to better understand the various tactics and tools for employees to utilize to become engaged healthcare consumers. Taking the time to educate employees about the value of these tools and how to use them is often an important first step in controlling costs. Organizational leadership can support educated decision-making by investing in price transparency tools that allow employees to access data that ranks in-network healthcare providers by projected cost, so that they can easily see which physicians or specialists are the most cost-efficient. Most individuals do not know how to talk to their doctors. Educational resources designed to engage conversation between a patient and his/her doctor can go a long way towards helping employees understand what their healthcare options are. Further, one of the biggest drivers in the uptick in healthcare spending is the increase in cost of prescription medications and specialty drugs – Money reports that prescription drug prices have increased nearly 10 percent or more for the past three years. When employers provide materials that include tips regarding how to discuss generic drugs or over-the-counter options with a doctor, employees are empowered to make smart, cost-effective healthcare decisions.

If you are interested in learning more about how to encourage your employees to become engaged healthcare consumers, contact Adam Karalius, Assistant Vice President - Underwriting & Compliance, Employee Benefits, The Graham Company at [akaralius@grahamco.com](mailto:akaralius@grahamco.com) or 215.701.5379.



# EMERGING RISK:

## Social Engineering Fraud

Business owners have long been forced to insure against many recognizable risks – from natural disasters to on-the-job injuries to terror threats and everything in between. But today, businesses must also be prepared for hidden ones.

Spear Phishing, also known as Social Engineering Fraud or Fraudulent Impersonation, targets a specific individual via email with the intent of deceiving the individual into transmitting funds or releasing confidential information. For companies large and small, even just one employee falling victim to this type of malevolent ploy can put an organization's balance sheet and reputation at great risk.

Typically, emails come from individuals, usually outside of the United States, who impersonate executives, banks or vendors in an attempt to steal money or information. And they're hard to detect – Intel found that 97 percent of people cannot identify sophisticated phishing emails.

In today's digital age, personally identifiable information can be accessed electronically through laptops, tablets, smartphones and the cloud. So access points for this data are everywhere, and cyber criminals are on the lookout for them. They're becoming more advanced each and every day, which means that Social Engineering Fraud is not likely to go away any time soon, and businesses must do everything they can to protect themselves against this risk.

#### Cost to Businesses Continues to Rise

Once an individual executes the requested monetary transfer, those funds are very difficult to recover – which means that Social Engineering Fraud can be extremely costly to a company. By 2019, the cost of cybercrime and data breaches will rise to \$2.1 trillion, according to a 2016 Juniper Research study. And hackers aren't just going after mom-and-pop shops and other small-to-medium sized businesses. They have the ability to crack even the most sophisticated of brands. Several high-profile breaches have made headlines in recent years – Target settled a \$29 million lawsuit over a 2015 hack, and a 2016 breach cost The Home Depot an estimated \$80 million.

#### It's About Your Reputation

When cyber-attacks occur, the reputational fallout can exceed the financial implications. If customers feel that their privileged information is not safe, there is the chance they may choose to move their business elsewhere. In fact, after a company is breached, 60 percent of customers will think about moving and 30 percent actually do so, according to a Cyber Security Awards speech given by Aviva security chief Bryan Littlefair. So while the impact to your bottom line is very real, the aftermath could be far-reaching.

CONTINUED on page 3



CONTINUED from page 2 - Emerging Risk: Social Engineering Fraud

### Take Appropriate Preventative Measures

Many companies are not aware of their vulnerability when it comes to Spear Phishing Attacks. In reality, any business can be targeted - CSO Online reports that in total in 2015, 736 million records were exposed due to 3,930 breaches. When businesses are aware of the risks and the preventative measures they can take to combat these issues, it makes a world of difference. Here are a few steps to take to ensure that you are adequately protected from a costly hack:

**1. Educate Employees:** First and foremost, the best way to prevent Social Engineering Fraud is through employee education and training. Verizon found that only three percent of targeted users actually report malicious emails to company management. It is important that employees keep an eye out for suspicious emails. If they know what to look for, they'll often serve as the crucial first line of defense in an attack. Frequent communications to employees regarding this risk can also be vital in preventing a breach. Ensure that employees understand what to do if he or she suspects suspicious activity.

**2. Develop a Process:** Companies can also consider developing procedures that require two or more employees to sign off on any wire transactions. An extra set of eyes in a questionable situation can help prevent fraudulent transactions.

For companies large and small, even just one employee falling victim to this type of malevolent ploy can put an organization's balance sheet and reputation at risk.

### Expand Existing Coverage to Ensure Protection

Insurance coverage for these types of attacks was rare until recently, as cybersecurity has become an increasingly bigger business risk. Typically, it is provided as an addition to a company's existing Crime

**3. Call the Requester:** Making a phone call to the original bank or vendor before transmitting funds can help ensure money is being sent to the right place. This call should be made specifically to a previously established contact.

**4. Conduct Third Party Testing:** Companies can conduct third party computer network penetration testing on a regular basis to help monitor the effectiveness of the corporation's controls and training. This guarantees that the company's current information security systems are effective in preventing potential attacks.

Insurance Policy. Businesses can work closely with their insurance brokers to ensure that the policy will provide adequate coverage. With Social Engineering Fraud expected to continue to increase in both frequency and sophistication, all businesses are advised to follow the above best practices for mitigating this growing cyber risk. Keeping an open line of communication with your insurance broker will help you stay informed about the latest developments and protections, providing the peace of mind that your business is safe and secure.

For more information, contact Sean H. Brogan, Esquire, Vice President, The Graham Company at [sbrogan@grahamco.com](mailto:sbrogan@grahamco.com) or 215.701.5260.





# EXECUTIVE ANNOUNCEMENTS

## The Graham Company Recognizes Crum & Forster for Superior Claims Performance

The Graham Company presented its 15th annual Excellence in Service & Partnership Award to Crum & Forster Claims. The prestigious award was presented to Crum & Forster Claims in recognition of its overall claims performance in 2016. Members of the Crum & Foster Claims Team attended the ceremony on February 27, 2017.



## The Graham Company Announces New Hires

The Graham Company recently hired seven new employees to support the firm's growth.

From left to right below: New Property & Casualty Producers include Marc D. Leone, Esquire, Kevin P. Funston, Stephen B. Washkalavitch, Joseph Stolfi and Andrew Corrigan. New Employee Benefits Consultants include Christopher R. Whitney and Arthur D. Easlick.



The  
Graham  
Building  
One  
Penn Square  
West  
Philadelphia  
PA 19102