



GRAHAM ADVISOR

VOLUME X, ISSUE 2: 2018

INSURANCE BROKERS & CONSULTANTS
PHILADELPHIA ■ NEW YORK ■ WASHINGTON, DC

EXECUTIVE ANNOUNCEMENTS

Graham Company was proud to present our annual Excellence in Service & Partnership Award to Zurich North America, honoring its superior claims performance in 2017. We pride ourselves on effectively managing claims and advocating for our clients, and our partnership with Zurich has allowed us to greatly reduce clients' insurance costs while ensuring they receive the best results and highest levels of service.

A few weeks ago, our team enjoyed the opportunity to participate in the 2018 Allstate Plane Pull, a high-adrenaline event benefitting the Philadelphia Ronald McDonald House. We competed against organizations across Philadelphia to see which team could pull an airplane the fastest or raise the most money to benefit local families.

We are inspired by the great work of our client, Merakey, a leading provider

of education and human services to individuals with special needs. Understanding only 33.7 percent of working-age adults with disabilities are employed, in partnership with Merakey, we are proud to have started a pilot program to hire and empower special needs individuals to succeed in the corporate world.

Managing a variety of daily tasks, our first hire has thrived in the office environment and has been a wonderful addition to our company culture. We are excited to grow this program over the coming months, while encouraging other businesses to consider the incredible potential of those living with disabilities. We were also honored to work alongside the Merakey Foundation during its recent Partners in Caring Event, helping to beautify its 72-acre campus in Northeast Philadelphia.



ACTIONS MATTER.®



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NOTES FROM THE PLAYBOOK

AT GRAHAM, WE'RE PROUD OF OUR ROOTS.

Those roots start with our leader, Bill Graham. Bill was recently honored with Ernst & Young's prestigious Lifetime Achievement Award – a recognition of the innovation, boldness and generosity that touches all who know him. In everything he does, but perhaps most recognizably in our transition to an Employee Stock Ownership Plan (ESOP), Bill is committed to perpetuating entrepreneurship. This honor is a beautiful reflection of his lasting impact – and a testament to his rich legacy that our employees work hard every day to deliver on.

Perpetuating entrepreneurship goes beyond business, it's an integral part of our focus

on supporting the communities within each region we proudly serve. Through a hard-earned reputation for being relentless advocates for our clients, Graham Company has grown to be one of the largest insurance and benefits brokers in the country, and we never forget the responsibility to get involved. Our burgeoning Washington, D.C. office is active in the Greater Washington Board of Trade and Leadership Greater Washington. Each organization has a rich history of bringing diverse businesses and institutions together to foster collaboration, cultivate leadership and improve the Washington Metropolitan region. After doing business



KEN EWELL
President & COO

in New York City for decades, we founded a new office there this year, and are equally committed to community engagement.

Powered by Bill Graham's legendary action-oriented approach to risk management, our clients represent a robust list of well-managed, privately-held companies across the country. By sticking to our motto – Actions Matter – we're excited to keep expanding our physical footprint, while continuing to embrace Bill's passion for community service.

GRAHAM SIGHTINGS

Experts in the News



Kevin Smith
on navigating the insurance broker selection process.



Erin O'Leary
on managing volunteer liability.



Luke Foley
on lessons learned from Ford's recent supply chain crisis.



Sam Heidorn
on the Philadelphia foster care system.

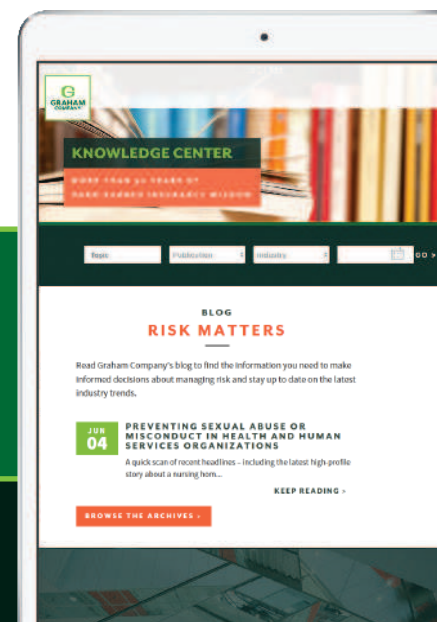


Ryan Scannell
on construction site safety.

RISK MATTERS BLOG

From the impact of medical marijuana on the workplace to cybersecurity considerations for law firms, 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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PREVENTING SEXUAL ABUSE OR MISCONDUCT IN HEALTH & HUMAN SERVICES ORGANIZATIONS

Visit our Risk Matters Blog to hear from Bette McNee, Clinical Risk Management Consultant, as she discusses how organizations can work with their insurance broker to develop strategies to prevent the abuse of residents, clients and employees.



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TREND REPORT

THE COLLABORATION, INNOVATION & RISK MANAGEMENT BEHIND PENN MEDICINE'S \$1.5 BILLION HOSPITAL PAVILION



THOMAS MORRIN
Senior Vice President

Penn Medicine's new 16-story, \$1.5 billion patient Pavilion is one of the most high-profile construction projects in Philadelphia today. When it opens in 2021, the new LEED-certified hospital will include 500 private patient rooms, a new emergency department and 47 operating rooms.

The sheer scope and complexity of the project required completely custom and collaborative programs to manage risk, negotiate insurance options and strategize "outside the box" to ensure the safety of workers, the larger Penn community, as well as the general public.

18 months before the first shovel struck the ground, the Graham team was already working with Penn Medicine and its key design, architecture, engineering and construction management partners (collectively the PennFIRST team) to collaborate and create comprehensive and cost-effective programs that would set the project up for success under a truly unique method of construction called Integrated Project Delivery (IPD).

Integrated Project Delivery: Collaboration and Innovation

The IPD model is a fundamentally different and unique approach to designing, planning and building large construction projects. And it starts with a commitment to collaboration. At the outset, Penn Medicine and the rest of the PennFIRST team decided to work with Graham to create a custom professional liability insurance program that would respond to the unique demands of the IPD paradigm. Should an issue concerning professional liability ever arise, each member of the PennFIRST team is committed to jointly identifying the best solution that will enable the project to be completed on time and within budget.

In many "traditional" construction projects, each party works - to a degree - in separate silos. And if the project suffers from a design defect or other error/omission of a professional nature, the project owner, architect and engineer may be forced to "point fingers" in order to get the issue resolved - sometimes to the point of litigation. This can tie up significant resources and prevent the project from meeting key budgets and timelines. This also potentially creates "friction" on the jobsite, which can further exacerbate the issues and get the job off the rails.

OCIP: Coverage, Control and Cost-Savings

For the actual construction activities, Graham recommended an Owner-Controlled Insurance Program (OCIP). Rather than

coordinating with hundreds of contractors and their individual insurance policies, each with varying levels of coverage and quality, Graham negotiated a broad insurance program on behalf of Penn Medicine and all participating contractors. With this

GRAHAM'S THREE DECADES OF EXPERIENCE SUCCESSFULLY ADMINISTERING BILLIONS OF DOLLARS OF CONSTRUCTION ACTIVITY ENABLES OWNERS TO SAVE UP TO 1.5 PERCENT OF A PROJECT'S HARD CONSTRUCTION COSTS WITH AN OCIP, WHICH CAN TRANSLATE INTO MILLIONS OF DOLLARS.

model, Penn Medicine was able to exert maximum control over the quality and quantity/limits of coverage, including general and excess liability and workers compensation.

Graham's three decades of experience successfully administering billions of dollars of construction activity enables owners to save up to 1.5 percent of a project's hard construction costs with an OCIP, which can translate into millions of dollars. Under an OCIP, the owner can realize significant cost savings "upfront" on the fixed premium insurance cost, and they are able to "turbo charge" those savings by establishing a true culture of safety on the project site.

Proactive Safety Services

Building on the overall spirit of collaboration, Graham worked hand in hand with the PennFIRST team to develop a single, comprehensive safety program to govern the project's construction activities. First, Graham helped to implement a contractor pre-qualification process to ensure each contractor had a strong, demonstrable safety record. Then, the team designed a custom drug and alcohol testing program - a first for Penn Medicine. This program ensures that every individual worker has cleared a comprehensive drug test before stepping onto the project site. Random, monthly drug tests are conducted, and tests will also be administered following reasonable suspicion or a workplace accident. Leading research has demonstrated that drug-testing programs reduced construction incidents by 51 percent in two years.

As part of the overall safety program, the project also includes

Continued on pg. 3

SAFETY ZONE



JEFFREY SPATZ
Assistant Vice President

Guidelines and safety protocols aren't enough to create an effective workplace safety culture. It's not for a lack of bloated programs and rules that we have preventable incidents. More often than not it's a failure of leadership, whether positional or personal.

Dynamic safety cultures are built and sustained by leaders living their safety values on a daily basis. These leaders influence employees beyond the written rules, encouraging colleagues to consistently and proactively identify, understand and mitigate risks. **Leadership matters.** That's why we offer clients a comprehensive Safety Leadership Training, tailored to each client's individual risks.

The training modules emphasize five critical components of safety leadership:

1. **Field Presence** – Building respect and influence among employees at each worksite.
2. **Effective Communication** – Conveying clear expectations and demonstrating that employees' actions matter.
3. **Feedback Mechanism** – Engaging front-line personnel in the risk identification and mitigation process and utilizing their specific recommendations to mitigate risk.
4. **Accountability** – Taking ownership for safe behaviors, and requiring the same from employees.
5. **Benchmarking** – Evaluating safety performance against lagging and leading indicators, using the data to modify behaviors and address any risk exposures or safety gaps.

Each of these components are applied to key scenarios in our Safety Leadership Training, which guides company leaders in everything from building a safety culture to changing at-risk behaviors, conducting safety audits and analyzing root causes. With helpful tools and effective leadership, every employer can set – and achieve – the goal for 100 percent of employees to work safely 100 percent of the time.

If you are interested in learning more about Graham Company's Safety Leadership Training, contact Jeffrey Spatz, Assistant Vice President at Graham Company at jspatz@grahamco.com or 215-701-5454.

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an on-site Medical Facility to provide immediate medical care if needed. The medical personnel can fully care for minor injuries, and will provide critical emergency care after a major incident, before the worker arrives at the hospital.

Finally, Graham has an ongoing safety presence at the project. Each week, our team walks the job site with the owner, construction manager and other key contractors to ensure the extensive safety protocols are being put into practice by all participating contractors. The fact that the owner participates directly in the safety program has established an increased level of focus and trust amongst all parties. The detailed safety program and personal site visits will allow us to minimize both claims frequency and severity.

When complete, Penn Medicine's new Pavilion will provide lifesaving medical care. But their focus on saving lives doesn't start when those doors open: It has informed the entire construction and design process, as we worked together to develop a unique and comprehensive program that actively minimizes risk and meets the highest on-site safety standards.

**WRITTEN IN COLLABORATION
WITH BENJAMIN EVANS,**
Associate Vice President,
Office of Risk Management & Insurance,
The University of Pennsylvania



ASK THE EXPERT



CARTER BUMGARDNER
Producer

What is Builders Risk Insurance?

Builders risk insurance is a specialized type of property insurance designed for buildings under construction or renovation and covers the materials, supplies and equipment that are on-site, in transit and temporarily stored at other locations.

Who needs it, and under what circumstances?

Owners are typically the ones who purchase builders risk policies, but regardless of who purchases the policy, the contract documents typically require that the owner, contractor and subcontractors be covered under the policy. This allows for the insurance company to cover the project and eliminates the need to seek additional recoveries from negligent parties. Most projects where construction or renovation is occurring should be backed by this type of insurance, unless it is simply routine maintenance.

To read the full interview, visit grahamco.com/knowledge-center.