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# PHILADELPHIA BUSINESS JOURNAL



**SHOE-INS**  
The annual  
Women of  
Distinction  
Award  
winners.  
**Inside**



## THIS WEEK



**From afar**  
The game plan for Philly  
is to lure international  
visitors. **P3**

## Insuring Sandy is no day at the beach

JEFF BLUMENTHAL  
STAFF WRITER

Insurance professionals are dealing with an onslaught of claims emanating from Hurricane Sandy.

According to PropertyCasualty360.

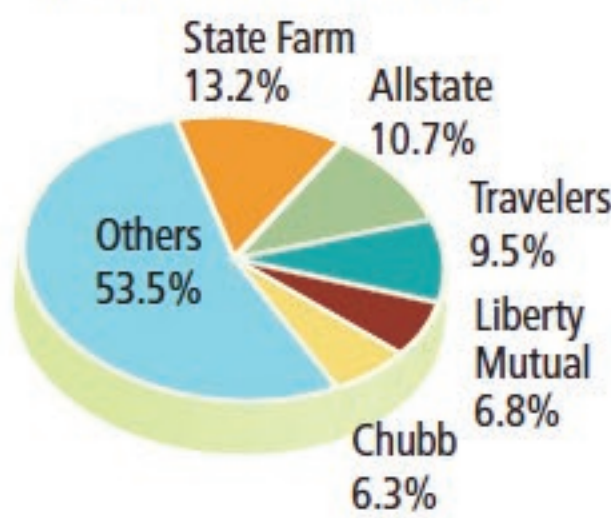
**BANKS**  
Sandy damaged many branches. **P23**

com, 2012 had been a relatively low catastrophe year for most carriers until Sandy radically changed that. Estimates say the industry could see

SEE **INSURANCE**, P23

### AT RISK

Market share of insurers of homeowners in states exposed to Hurricane Sandy.



Source: SNL Financial

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### 'We were fortunate'

Jersey Shore businesses fight back from the ravages of the monster storm. **P4**

## PART TWO OF AN EXCLUSIVE THREE-PART SERIES: THE AFTERMATH OF MATERNITY WARD CLOSINGS



**LABOR PAINS:**  
CONTRACTION  
IN THE BABY  
BUSINESS

## Pa. out to end unnecessary induced labor

Hospitals curtailing elective deliveries before 39 weeks

JOHN GEORGE  
SENIOR REPORTER

Hahnemann University Hospital is on pace to deliver more than 2,200 babies this year. So far, none of its deliveries can be classified as an elective induction prior to 39 weeks.

That's by design.

"There's clear evidence waiting makes a difference [in outcomes]," said Dr. Daniel Guilfoil, the Philadelphia hospital's director of labor and delivery.

Hahnemann is one of nearly three dozen Pennsylvania hospitals participating in an effort to improve birth outcomes through a series of initiatives

SEE **39 WEEKS**, P9



Peggy White, director of maternal child health at Hahnemann University Hospital and Dr. Daniel Guilfoil, the Philadelphia hospital's director of labor and delivery, in the medical center's nursery with a couple of new arrivals.

JOHN GEORGE | BUSINESS JOURNAL

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**Louisiana**  
A former Philadelphia doctor leads initiative. **P8**



### Learning curve

You learn something new every day — if you pay attention, says Harvey Mackay. **P10**



**Just chillin'**  
Crawford 'Chill' Hill in CEO File. **P13**

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# Banks move quickly to get Shore branches back in action

JEFF BLUMENTHAL  
STAFF WRITER

Some of Philadelphia's biggest banks suffered major damage to their branches from Hurricane Sandy last month and still have not reopened some locations and are working to help employees who suffered personal losses.

Hundreds of branches remained closed in the weeks after the storm and some remain shuttered, as operations crews determine if they can be salvaged.

Bank of America seems to have suffered the most damage with eight locations (five in New Jersey and three in New York) still closed because of water damage.

Spokesman Mark T. Pipitone said after the storm on Oct. 29 and 30, roughly 70 percent of Bank of America's branches in affected areas were operational the following day. That number climbed to 95 percent a week later, when fewer than 50 were closed in New Jersey and New York. Pipitone said less than 10 branches might not be salvageable, meaning the bank would need to start from scratch and rebuild.

Wells Fargo Bank still has six closed branches on coastal areas in New Jersey and New York because of power outages, flooding and interior damage. The bank deployed mobile banking centers and ATMs while power was down in strategic locations.

A TD Bank spokesman said four branches are still closed, but it planned to open mobile banking trailers to support customers in those areas during the interim.

PNC Bank said almost 50 branches were closed in the aftermath but all of its locations are currently operational.

Vineland-based Sun Bancorp, has about a third of its 60 branches in the four coastal counties in New Jersey — Monmouth, Ocean, Atlantic and Cape May. CEO Tom Geisel said there were just two branches closed (Ventnor South and Atlantic City) a week after the storm.

"We were fortunate that we didn't incur any major damage," Geisel said. "There was some water damage and signage damage in three other locations and we lost power in some locations, but we put generators in



The Wells Fargo branch in Ocean City was boarded up and sandbagged to protect it against the hurricane.

strategic locations so customers could continue banking."

All of the banks said they prepared for the storm by sandbagging entrances, boarding up windows and mak-

ing sure ATM machines were stocked with cash. Those preparations helped in some instances but some barrier island locations were too overcome with water to withstand the storm.

In addition to branches, the banks were also concerned about the hundreds of employees that work in those coastal locations and have implemented plans to help those personally affected by Sandy.

Sun has about 400 employees in the four counties. Fortunately, none were injured but some suffered property damages and extended periods without electricity. So the bank put together a program to help them. It has instituted a grant program for employees displaced or severely affected by the storm, help with manual labor from fellow employees and an intranet communication where employees can ask for help from their colleagues.

"If someone needs a wet vac they can post it on the intranet," Geisel said.

PNC offered employees five days of f to address personal matters related to the storm and the bank will also offer a relief package but revealed no details.

Bank of America allowed employees to work remotely. It also established an employee help line and relief fund that offers \$1,500 grant to help with recovery. There was also an emergency supply center that offered essentials like water and blankets.

Wells Fargo shifted team members from less affected areas to areas of severe impact so that others could address personal needs. It also established a fund that provides financial assistance in the form of grants to eligible team members struck by a disaster or other hardship. It can provide grants to assist with basic expenses, such as temporary shelter, clothing, food, transportation expenses, and other necessities not immediately provided by emergency community services or insurance.

TD's internal support measures included providing financial support to assist in payment of insurance deductibles, offering hardship withdrawals from 401(k)s and some lending programs to help employees who may have immediate needs.

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## INSURANCE: 'Rates had been on an upward trend. Sandy will add to that pressure.'

FROM PAGE 1

more than 650,000 homeowners' claims, 250,000 auto claims and 100,000 commercial claims.

State Farm is one major carrier that keeps a running tally on its website. As of Nov. 16, it reported a total of 96,487 home and 16,476 auto claims related to Sandy. New York led with 36,251 home claims and 9,242 auto, followed by New Jersey (28,182 home and 4,133 auto) and Pennsylvania (14,073 home and 1,678 auto).

Sean Brogan, an executive with Center City-based Graham Co., the largest insurance broker in Philadelphia, said the firm has fielded between 100 to 150 Sandy-related claims from its roughly 200 business customers within the storm's radius in the mid-Atlantic states. Brogan said he has seen more flood than wind damage but that claims are divided largely into two different policy categories — property damage and business interruption.



Brogan

Brogan said one client, a medical-supply company in North Jersey that delivers medication to people's homes, did not incur any property damage. But he said it filed a sizable claim regarding loss of income because its distribution channels were disrupted as its clients were displaced.

Harleysville Group, the property-and-casualty carrier bought earlier this year by mega-carrier Nationwide, said it has so far seen roughly 9,000 Sandy-related personal and commercial claims, the most ever to emanate from a single event. It more than topped 2011's Hurricane Irene, which previously was the largest claims event in company history.

Chad Zierke, senior vice president of claims for Harleysville, said the extra resources from the Nationwide merger came in handy, as the company was able to pool the resources of its giant parent company to help with the onslaught of claims work.

"We were able to ramp up capacity,"



Zierke

Zierke said. "We had a pre-storm meeting to deal with logistics and we were ready to go."

Michael Tiagwad, president and CEO of Marlton, N.J.-based broker Conner Strong & Buckelew, said he has seen two to three times as many claims from Sandy as he did last year with Irene. He said the tab is still running as business interruption claims tend to trickle in after property damage claims, as insureds survey the extent of damage.

Tiagwad said the company has about 25 claims employees and it needed to hire temporary employees to help with paperwork.

Brogan said the storm could serve as a wakeup call from some business clients to look at the nuances of their policies. Translation: Make sure you read the fine print. For instance, the policy might mention a 24-hour period before business interruption coverage begins. But the policy could specifically indicate that those hours are business hours, which would mean the



Tiagwad

coverage does not kick in for three days.

Brogan recommends that business include a loss-preparation expense, which insures a business to hire a forensic accountant to determine the nature of losses. A former partner at the Drinker Biddle & Reath law firm, Brogan expects there to be a good number of claims disputes birthed by Sandy.

Tiagwad said property insurance rates went up after Irene after a long period of decline. Rates were also affected by the new Risk Management Solutions' Version 11 windstorm model, a detailed loss estimation model capable of using specific structure and coverage data for most insured risks, ranging from homeowners risks to industrial facilities. He was not sure about whether they would increase because of Sandy, but Robert Hartwig, president of the Insurance Information Institute, told PropertyCasualty360.com it only seems natural.

"Rates had been on an upward trend," Hartwig said. "Sandy will add to that pressure."

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