Aon Casualty Risk Control Solutions for the **Staffing Industry**

AON

Co-Employment Risk Consulting

During the Great Recession (2008-2009), when 2.2 million people were identified as "temporary help," there has been an increase of 45% to an average of 3.2 million workers in this sector as of 2018. As the number of temporary workers has increased so too has the problem of work related injuries, amputations and fatalities. Temporary workers experience twice the rate of lost time injuries per 100 full time equivalent (FTE) workers compared to their permanent peer workers. This gap widens for workers in high hazard industries, such as agriculture, construction and manufacturing. Temporary worker injury claims rates are between 36% and 72% higher than for non-temporary workers. And because most temporary workers are clustered in high hazard occupations, the related claim costs tend to be more severe.

The co-employment industry has its own unique set of challenges. Injuries, safety compliance, and workers' compensation costs can have a significant impact on revenue and customer service. However, with proactive and strategic risk consulting, risk identification and mitigation, many of these factors are controllable, and when controlled can improve their organization's safety performance and bottom line. When applied consistently, there are tools and techniques proven to reduce injuries and turnover, improve compliance, and increase profitability.

36% to 72%
Higher Injury Rates

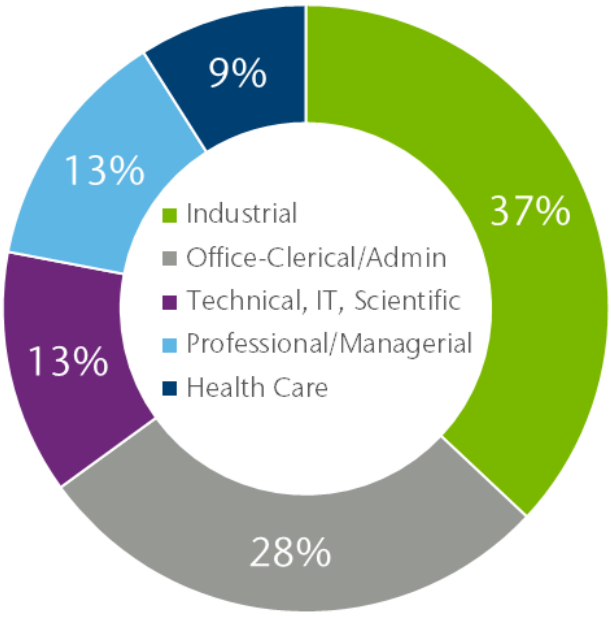
2X (Double)
Loss Time Rate

for

Temporary Workers vs. **Non-temporary Workers**

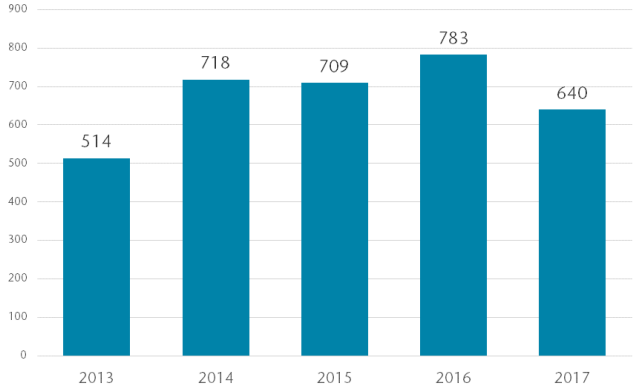
Business Sectors Using Temporary Workers

A 2014 American Staffing Association (ASA) survey showed that less than one third of temporary agency employees work in offices. The largest segment (37%) of this worker population is physically located in manufacturing, light industrial and other more hazardous industries. According to Bureau of Statistics, transportation and warehousing, manufacturing, construction and healthcare industries have some of the highest injury and illness incidence rates per 100 full time workers. These are the same industries that place most temporary employees.

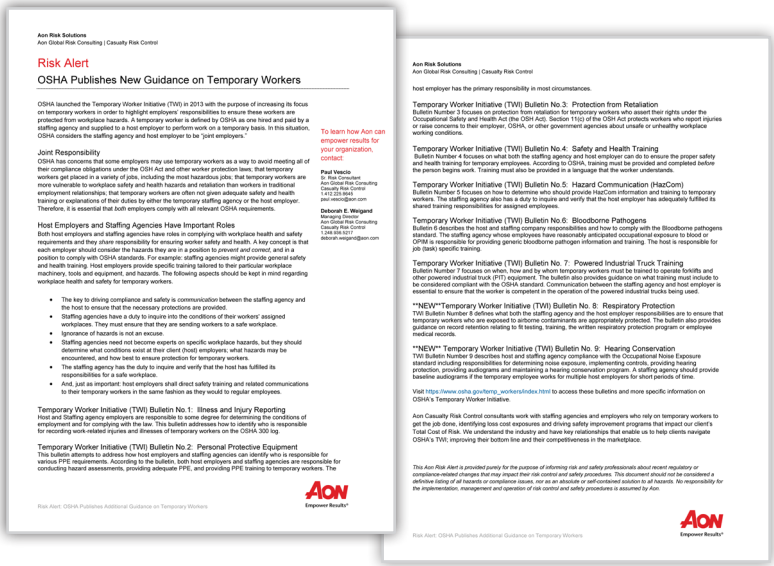


Recognizing the increase in temporary work and related injury rates since the 2008 recession, OSHA implemented the Temporary Worker Initiative (TWI). Since 2013, OSHA has published multiple guidance bulletins describing the joint responsibilities of host and staffing companies for temporary worker safety. OSHA inspections of staffing firms and employment agencies has increased each year from just over 500 in 2013 to over 780 in 2017, a 52% increase. Recent studies show that when both the staffing company and the host employer are cited for safety violations, the host is fined more heavily in most cases. For more on the Temporary Worker Initiative go to the OSHA website: https://www.osha.gov/temp_workers/

OSHA Inspections NAICS 561311 Employment Placement Agencies & 561320 Temporary Help Services



Aon publishes periodic Risk Alerts for our clients advising on new regulations or changes in worker safety rules to help keep you in compliance.



Aon Risk Solutions
Aon Global Risk Consulting | Casualty Risk Control

Risk Alert

OSHA Publishes New Guidance on Temporary Workers

OSHA launched the Temporary Worker Initiative (TWI) in 2013 with the purpose of increasing its focus on temporary workers in order to highlight employers' responsibilities to ensure these workers are protected from workplace hazards. A temporary worker is defined by OSHA as one hired and paid by a staffing agency and supplied to a host employer to perform work on a temporary basis. In this situation, OSHA considers the staffing agency and host employer to be "joint employers."

Joint Responsibility

OSHA has concerns that some employers may use temporary workers as a way to avoid meeting all of their compliance obligations under the OSH Act and other worker protection laws; that temporary workers get placed in a variety of jobs, including the most hazardous jobs; that temporary workers are more vulnerable to workplace safety and health hazards and retaliation than workers in traditional employment relationships; that temporary workers are often not given adequate safety and health training or explanations of their duties by either the temporary staffing agency or the host employer. Therefore, it is essential that *both* employers comply with all relevant OSHA requirements.

Host Employers and Staffing Agencies Have Important Roles

Both host employers and staffing agencies have roles in complying with workplace health and safety requirements and they share responsibility for ensuring worker safety and health. A key concept is that each employer should consider the hazards they are in a position to *prevent and correct*, and in a position to comply with OSHA standards. For example: staffing agencies might provide general safety and health training. Host employers provide specific training tailored to their particular workplace machinery, tools and equipment, and hazards. The following aspects should be kept in mind regarding workplace health and safety for temporary workers.

- The key to driving compliance and safety is *communication* between the staffing agency and the host to ensure that the necessary protections are provided.
- Staffing agencies have a duty to inquire into the conditions of their workers' assigned workplaces. They must ensure that they are sending workers to a safe workplace.
- Ignorance of hazards is not an excuse.
- Staffing agencies need not become experts on specific workplace hazards, but they should determine what conditions exist at their client (host) employers; what hazards may be encountered, and how best to ensure protection for temporary workers.
- The staffing agency has the duty to inquire and verify that the host has fulfilled its responsibilities for a safe workplace.
- And, just as important: host employers shall direct safety training and related communications to their temporary workers in the same fashion as they would to regular employees.

Temporary Worker Initiative (TWI) Bulletin No.1: Illness and Injury Reporting

Host and Staffing agency employers are responsible to some degree for determining the conditions of employment and for complying with the law. This bulletin addresses how to identify who is responsible for recording work-related injuries and illnesses of temporary workers on the OSHA 300 log.

Temporary Worker Initiative (TWI) Bulletin No.2: Personal Protective Equipment

This bulletin attempts to address how host employers and staffing agencies can identify who is responsible for various PPE requirements. According to the bulletin, both host employers and staffing agencies are responsible for conducting hazard assessments, providing adequate PPE, and providing PPE training to temporary workers. The

Risk Alert: OSHA Publishes Additional Guidance on Temporary Workers

Aon Empower Results®

To learn how Aon can empower results for your organization, contact:

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host employer has the primary responsibility in most circumstances.

Temporary Worker Initiative (TWI) Bulletin No.3: Protection from Retaliation

Bulletin Number 3 focuses on protection from retaliation for temporary workers who assert their rights under the Occupational Safety and Health Act (the OSH Act). Section 11(c) of the OSH Act protects workers who report injuries or raise concerns to their employer, OSHA, or other government agencies about unsafe or unhealthy workplace working conditions.

Temporary Worker Initiative (TWI) Bulletin No.4: Safety and Health Training

Bulletin Number 4 focuses on what both the staffing agency and host employer can do to ensure the proper safety and health training for temporary employees. According to OSHA, training must be provided and completed *before* the person begins work. Training must also be provided in a language that the worker understands.

Temporary Worker Initiative (TWI) Bulletin No.5: Hazard Communication (HazCom)

Bulletin Number 5 focuses on how to determine who should provide HazCom information and training to temporary workers. The staffing agency also has a duty to inquire and verify that the host employer has adequately fulfilled its shared training responsibilities for assigned employees.

Temporary Worker Initiative (TWI) Bulletin No.6: Bloodborne Pathogens

Bulletin 6 describes the host and staffing company responsibilities and how to comply with the Bloodborne pathogens standard. The staffing agency whose employees have reasonably anticipated occupational exposure to blood or OPIM is responsible for providing generic bloodborne pathogen information and training. The host is responsible for job (task) specific training.

Temporary Worker Initiative (TWI) Bulletin No. 7: Powered Industrial Truck Training

Bulletin Number 7 focuses on when, how and by whom temporary workers must be trained to operate forklifts and other powered industrial truck (PIT) equipment. The bulletin also provides guidance on what training must include to be considered compliant with the OSHA standard. Communication between the staffing agency and host employer is essential to ensure that the worker is competent in the operation of the powered industrial trucks being used.

NEWTemporary Worker Initiative (TWI) Bulletin No. 8: Respiratory Protection

TWI Bulletin Number 8 defines what both the staffing agency and the host employer responsibilities are to ensure that temporary workers who are exposed to airborne contaminants are appropriately protected. The bulletin also provides guidance on record retention relating to fit testing, training, the written respiratory protection program or employee medical records.

NEW Temporary Worker Initiative (TWI) Bulletin No. 9: Hearing Conservation

TWI Bulletin Number 9 describes host and staffing agency compliance with the Occupational Noise Exposure standard including responsibilities for determining noise exposure, implementing controls, providing hearing protection, providing audiograms and maintaining a hearing conservation program. A staffing agency should provide baseline audiograms if the temporary employee works for multiple host employers for short periods of time.

Visit https://www.osha.gov/temp_workers/index.html to access these bulletins and more specific information on OSHA's Temporary Worker Initiative.

Aon Casualty Risk Control consultants work with staffing agencies and employers who rely on temporary workers to get the job done, identifying loss cost exposures and driving safety improvement programs that impact our client's Total Cost of Risk. We understand the industry and have key relationships that enable us to help clients navigate OSHA's TWI, improving their bottom line and their competitiveness in the marketplace.

This Aon Risk Alert is provided purely for the purpose of informing risk and safety professionals about recent regulatory or compliance-related changes that may impact their risk control and safety procedures. This document should not be considered a definitive listing of all hazards or compliance issues, nor as an absolute or self-contained solution to all hazards. No responsibility for the implementation, management and operation of risk control and safety procedures is assumed by Aon.

Risk Alert: OSHA Publishes Additional Guidance on Temporary Workers

Aon Empower Results®

Aon Client Promise® Platform

Discover

OPERATIONAL ANALYSIS

- Casualty Laser™ and Benchmarking
- Safety and Risk Management Best Practice Assessments
- OSHA's/Temporary Worker Initiative and Other Regulatory Requirements
- Critical Program Reviews
- Worksite Evaluations
- Job Safety Analysis (JSA)
- Task Specific Analysis

Develop

STRATEGIC PLANS

- Service Plans
- Goals and Metrics
- Key Performance Indicator Design (KPI)
- Client Education and Training Strategy

Deliver

STAFFING SOLUTIONS

- Training and Education Workshops
- OSHA Guidance and other Regulatory Insights
- Safety Culture Tool Box
- Targeted Surveys
- Ergonomic Job Task and Program Evaluations
- Physical Demands Analysis (PDA)
- Injury Reporting/Return-to-Work Programs
- Carrier selection, Oversight and Claim Services Provider
- Ergonomic Claim Validation Studies

Review

CALIBRATE

Measure performance and demonstrate ROI and client value

- KPI Dashboards and Reporting
- Assessments
- Feedback Surveys
- Casualty Laser™ and Benchmarking

Unparalleled Access to Data

Casualty Laser™

Launched in 2011, and with industry-specific metrics introduced in 2016, Aon Casualty Laser™ is the flagship of our series of data analytics approaches and is typically used for organizations with casualty loss picks of $5 million or more. Now with over $9 Billion in accumulated loss data, the Casualty Laser™ is conducted primarily for Workers' Compensation (WC), but includes benchmarks and analyses of Automobile Liability (AL) and General Liability (GL) lines as well. Client loss and payment information is compared to over 90 industry and proprietary benchmarks, with cost savings estimates projected by specific initiative or solution. In addition to commonly-used loss analyses by injury type, location, etc., we examine additional elements such as payment patterns, litigation trends, disability elements and catastrophic claim rates.

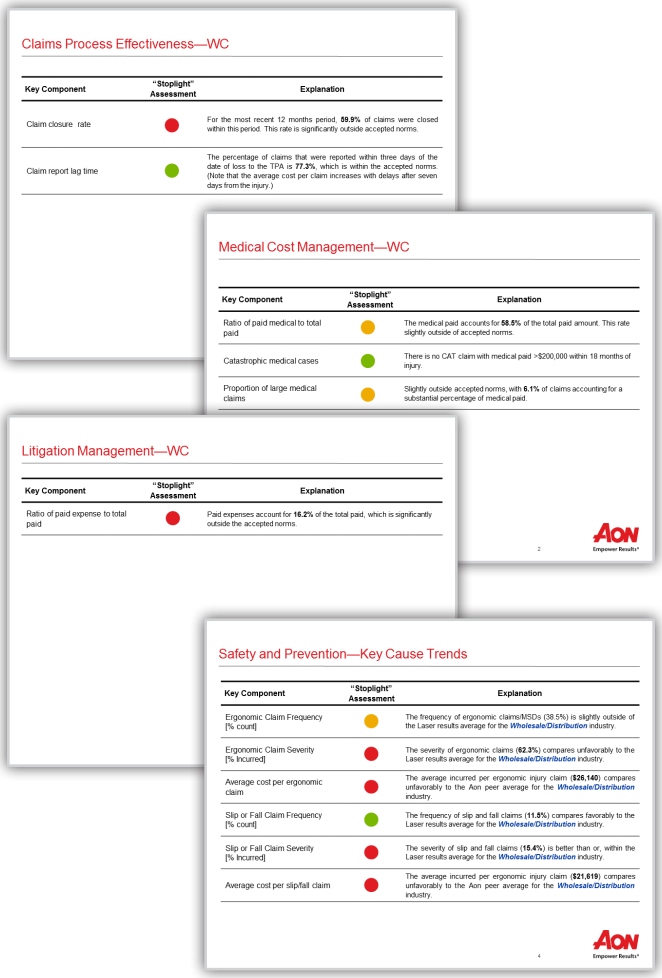
Casualty Analytics Powered by Laser™

This study includes many of the same analyses as Laser™, but without the payment transaction elements and corresponding indicators of cost leakage. Casualty Analytics Powered by Laser™ delivers over 20 pre and post loss benchmark metrics and a graphical representation of loss trends and requires only a detailed loss run for completion. This is appropriate for organizations with loss picks between $500,000 and $5,000,000. The output is WC oriented, although AL and GL can be included.

Aon Spectrum Analytics™

Leveraging the wealth of data and insights accrued in our proprietary Casualty Laser database, Aon now introduces the Aon Spectrum Analytics platform, an innovative benchmarking tool that provides clients with an unparalleled – and interactive – view of key loss prevention and claims management performance indicators and cost drivers. Using a interactive dashboard,clients can perform virtual benchmarking of their operations, easily comparing KPIs between regions,locations and even occupations, resulting in the identification of problem areas within minutes.

This combination of proprietary benchmarking and advisory services create an unparalleled next step in leveraging data to manage your loss costs, by far the largest single element of Workers' Compensation TCoR.



Claims Process Effectiveness—WC

Key Component	"Stoplight" Assessment	Explanation
Claim closure rate		For the most recent 12 months period, **59.9%** of claims were closed within this period. This rate is significantly outside accepted norms.
Claim report lag time		The percentage of claims that were reported within three days of the date of loss to the TPA is **77.3%**, which is within the accepted norms. (Note that the average cost per claim increases with delays after seven days from the injury.)

Medical Cost Management—WC

Key Component	"Stoplight" Assessment	Explanation
Ratio of paid medical to total paid		The medical paid accounts for **58.5%** of the total paid amount. This rate slightly outside of accepted norms.
Catastrophic medical cases		There is no CAT claim with medical paid >$200,000 within 18 months of injury.
Proportion of large medical claims		Slightly outside accepted norms, with **6.1%** of claims accounting for a substantial percentage of medical paid.

Litigation Management—WC

Key Component	"Stoplight" Assessment	Explanation
Ratio of paid expense to total paid		Paid expenses account for **16.2%** of the total paid, which is significantly outside the accepted norms.

Safety and Prevention—Key Cause Trends

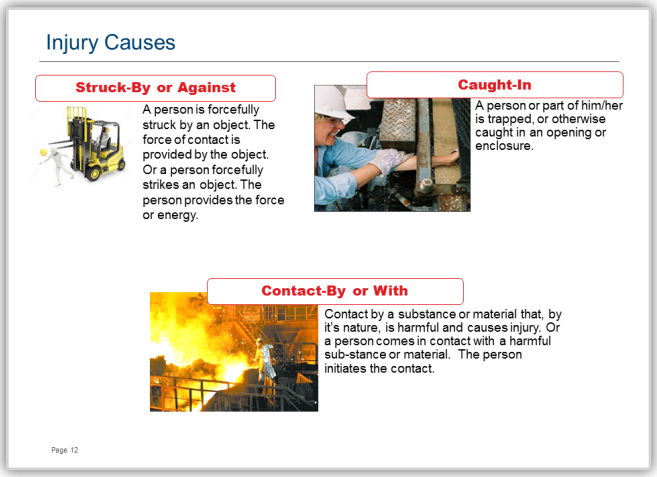
Key Component	"Stoplight" Assessment	Explanation
Ergonomic Claim Frequency [% count]		The frequency of ergonomic claims/MSDs (38.5%) is slightly outside of the Laser results average for the ***Wholesale/Distribution*** industry.
Ergonomic Claim Severity [% Incurred]		The severity of ergonomic claims (**62.3%**) compares unfavorably to the Laser results average for the ***Wholesale/Distribution*** industry.
Average cost per ergonomic claim		The average incurred per ergonomic injury claim (**$26,140**) compares unfavorably to the Aon peer average for the ***Wholesale/Distribution*** industry.
Slip or Fall Claim Frequency [% count]		The frequency of slip and fall claims (**11.5%**) compares favorably to the Laser results average for the ***Wholesale/Distribution*** industry.
Slip or Fall Claim Severity [% Incurred]		The severity of slip and fall claims (**15.4%**) is better than or, within the Laser results average for the ***Wholesale/Distribution*** industry.
Average cost per slip/fall claim		The average incurred per ergonomic injury claim (**$21,619**) compares unfavorably to the Aon peer average for the ***Wholesale/Distribution*** industry.

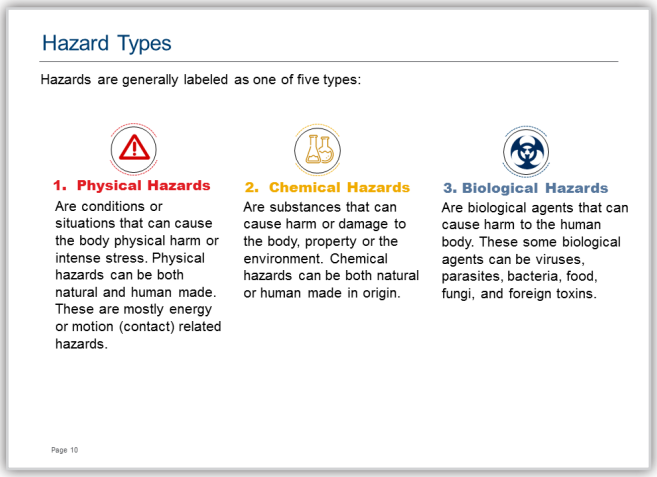
Engage, Educate and Empower Branch Professionals

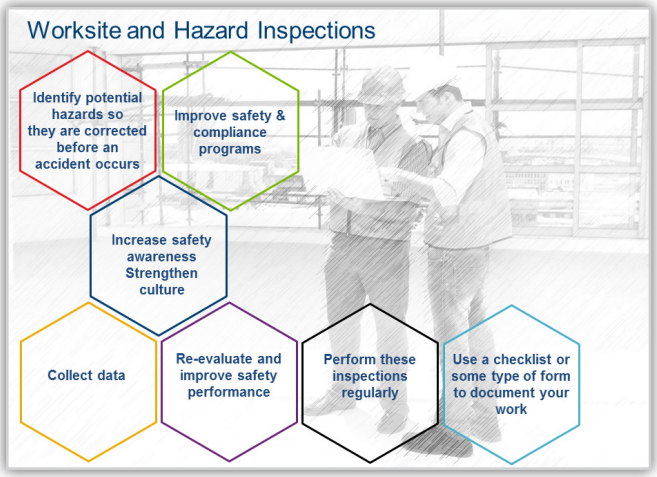
Working closely with our staffing agency clients Aon has developed impactful training and tools that empower branch professionals at every level to improve prospecting, placement, staff retention and revenue results. Aon's casualty risk control experts teach co-employment professionals how to develop and foster a "safety relationship" with their clients that transcends the typical administrative dynamic adding value and differentiating them from their competition. Solving the safety puzzle can impact your Total Cost of Risk (TCoR), improve how you service your customers, and ultimately, increase your profitability. We also work with our clients who use temporary staff to navigate compliance issues, vet potential suppliers, and ensure that production and quality standards are not adversely impacted.

Our customizable training covers a wide range of topics and techniques designed to educate staffing and PEO professionals at every level. From the basics such as how workers' compensation programs work, to more complex issues such as the impact on revenue and profitability. Our consultants have expertise in many industries and we cover the fundamentals of safety management used in manufacturing and light industries to help keep workers safe and productive. We also teach co-employment professionals the basics of hazard identification and control, and most importantly, how to apply this knowledge to their day-to-day business in a way that develops and fosters a valued relationship with customers.

From conducting meaningful worksite inspections, to the basics of OSHA compliance and incident investigations, we focus on the roles of recruiters, sales staff and account managers. Everyone shares a responsibility to ensure that each placement is safe and successful.







Accepted by the American Staffing Association

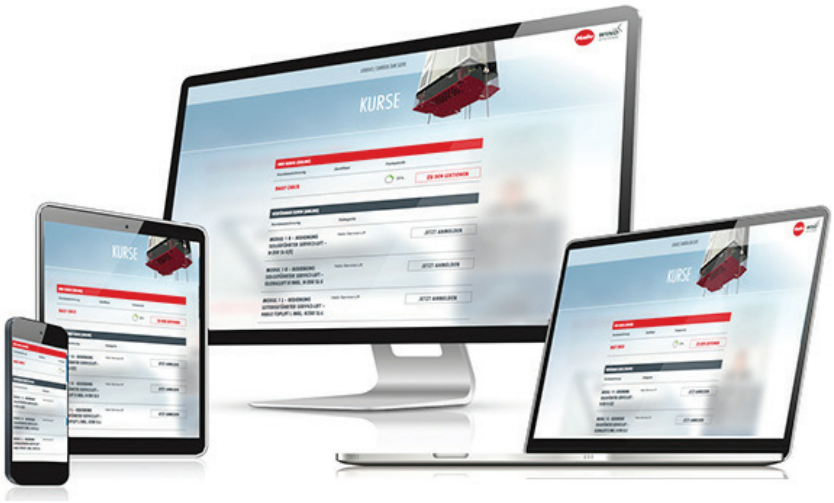
Our training programs have been accepted by the American Staffing Association (ASA) for continuing education hours for Certified Staffing Professionals (CSP). Additionally, we recommend our training and best practice assessments for staffing companies applying for the National Safety Council/ASA "Safety Standard of Excellence" program.

Supporting Staffing and Co-employment Risk Control Programs

Aon offers training solutions that are flexible and unique to a variety of industries. Training programs can be tailored towards all layers of the organization to include upper/middle management, front-line supervisors, and lone worker employees. Training programs can be performed in-person by one of Aon's Global Risk Consultants, or can be offered through an e-learning platform available to Aon clients. Our goal is to provide the most effective resources to clients that increase safety awareness and knowledge of occupational safety and health guidelines.

E-Learning Partnership

Aon offers an online e-learning platform through our strategic partnership with SafetySkills®. SafetySkills develops high-end, competency-based e-learning courses for environmental, health & safety, and human resources education. The SafetySkills library includes over 500 courses in 350 topics, many of which are specific to various industries. Clients may also upload their own or Aon developed training content, documents, policies, etc. in support of the e-learning platform.



SafetySkills
WORKPLACE SAFETY TRAINING

Year to date, there has been a 20% reduction in the frequency of incidents and a 73% decrease in the average cost per injury claim

Staffing Client Testimonial:

"In the staffing industry, we have a tendency to focus on safety training for our temporary employees, rather than training our staff, and assume there's not much else that is within our control. When I initially approached Aon about training for our field representatives, we were looking for training that was specific to the staffing industry, as we had not been able to find anything that focused on our industry challenges or what we, as a staffing agency, could do to control our workers' compensation costs.

We began the training three years ago and have been able to deliver it to all of our locations.

The training has been instrumental to the development of our staff employees and in developing a true safety culture within our organization. I'm very pleased with how both have impacted our results so far. The training has allowed our field reps to have more educated, productive discussions regarding client and candidate selection with each other, with our customers and prospects, and with my [Risk Management] team all of which has translated into great results for us. Our results so far have proven to us that this training has been a worthwhile investment."

Co-Employment Best Practices We Understand Your Risk

In partnership with one of our most proactive clients, Aon has developed customizable best practice assessments that empower staffing organizations to improve prospecting, placement, staff retention and safety performance. Our assessment covers a wide range of topics from the basics such as how your office appearance influences candidate behavior, to more complex issues such as regulatory compliance and worksite evaluations. Our evaluation is customizable and addresses important risk and safety management programs and best practices.

Upon completion, clients will receive a scorecard that may be used to benchmark performance for continuous improvement. We inventory the controls and document what's working well. Improvement opportunities become the action items for our service plan.

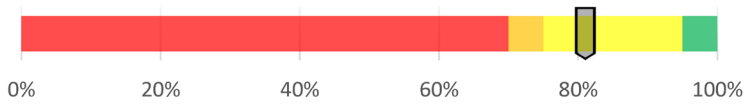
Best Practice Assessment Scorecard

Audit Date: 11/17/2017
Auditor: No Auditor Listed
Region: No Region Listed
Branch: No Branch Listed
Region VP: No Region VP Listed

Overall Audit Results

Audit Score: **875**

Potential Score: **1080**



81%

Audit Section Scores

Operating Facilities
75%

Applicant Screening & Records
98%

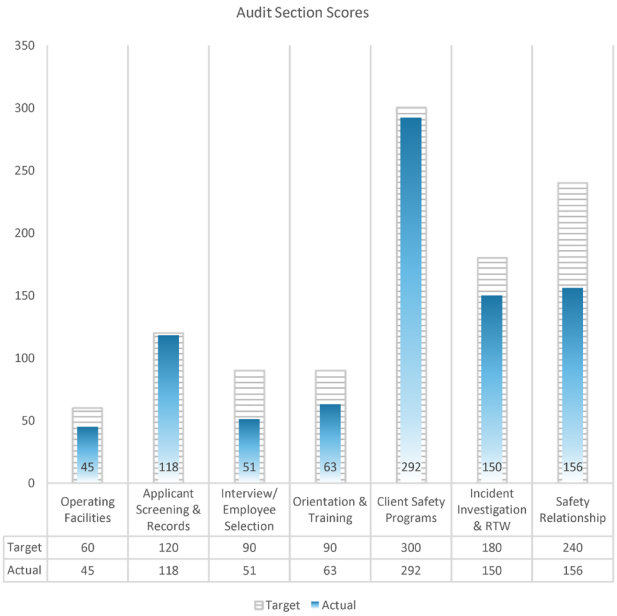
Interview/Employee Selection
57%

Orientation & Training
70%

Client Safety Programs
97%

Incident Investigation & RTW
83%

Safety Relationship
65%



	Operating Facilities	Applicant Screening & Records	Interview/ Employee Selection	Orientation & Training	Client Safety Programs	Incident Investigation & RTW	Safety Relationship
Target	60	120	90	90	300	180	240
Actual	45	118	51	63	292	150	156

Ergonomics Consultation

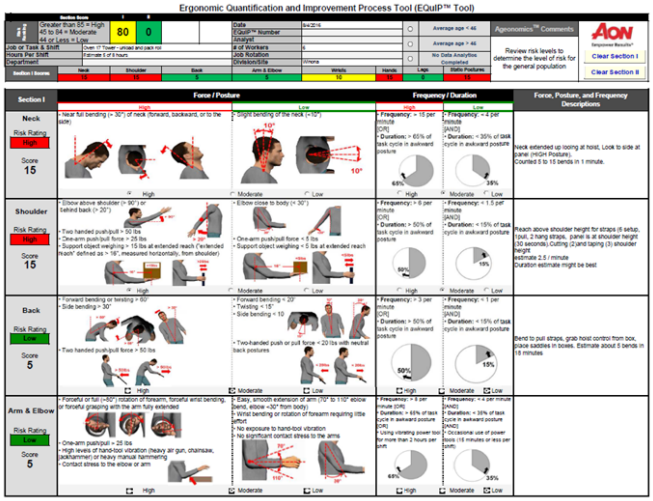
Aon's Board Certified Professional Ergonomists have extensive experience and can assist co-employment businesses in a variety of ways ranging from task specific risk assessments to partnering with the host employer and staffing firm to validate ergonomic risk factors and physical demands of a job. Our ergonomists have worked in nearly every industry sector and quantify ergonomic exposures using a variety of tools like:

- University of Michigan 3D Static Strength Prediction Program,
- Human CAD Virtual Design and analysis,
- Electromyography (EMG) testing,
- Aon Ergonomic Design Guideline, and
- EQuIP® Ergonomic Quantification and Improvement Process Tool.

Aon EQuIP®– Ergonomic Quantification and Improvement Tool

Aon ergonomists have assessed risks in nearly every industry. One of our tools available to quantify the risk is Aon's proprietary EQuIP® evaluation.

This tool is used to validate and quantify ergonomic exposures, provide a platform for the evaluation of potential improvements, and document reduced ergonomics injury risk via rescoring of exposures. EQuIP® is the next level of ergonomic evaluation and risk reduction for soft-tissue injuries in the workplace.



Workplace Stretching Program

Aon Deck is a dynamic, responsive stretching program that is customized for the tasks and physical demands of your workplace. Unlike other stretching programs which can repeat the same stretches regardless of the job tasks, and which remain static, Aon Deck is designed and delivered in a format that is flexible, allowing for quick updates to stretching routines as tasks, work areas and/or injury trends change.

Our program includes a set of warm up activities, as well as a mix of dynamic and static stretches for the upper and lower body. Specific stretches are selected from the deck based on ergonomic exposures identified, and daily stretching sessions are led by peer "Stretching Champions."

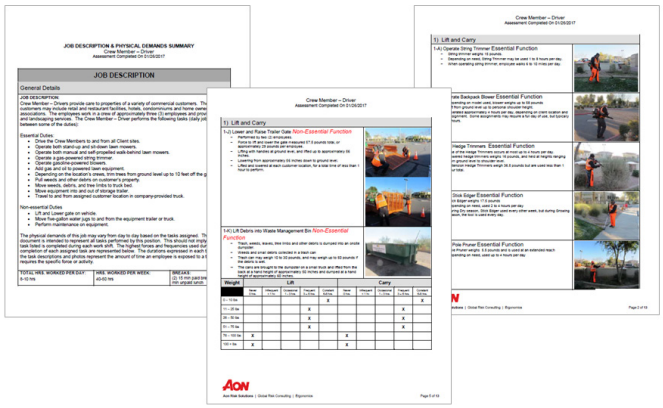
Specialty Service Offerings

Return to Work Assistance

Validation of job demands and alignment of actionable requirements which guide the return to work and absence management efforts are becoming more important as employers are faced with compliance requirements and the need to drive productivity. An aging workforce may require additional considerations during the temporary transitional duty process and when considering permanent restrictions and the need for potential reasonable accommodations. Employers will need to be creative to comply with ADA Amendment Act requirements and support ongoing productivity.

Aon's expertise can support the core initiatives related to an aging workforce, return to work – stay at work and compliant validation of job standards. A sample physical job demand is shown.

PDA Example



Workplace Practices Testing

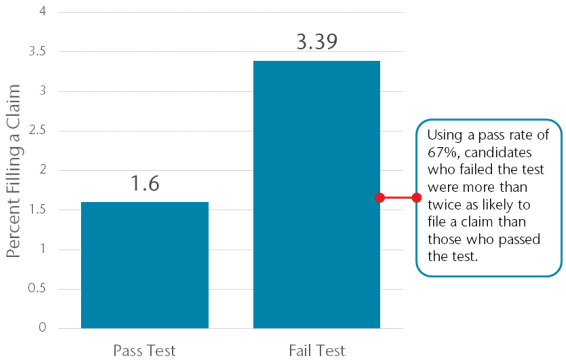
Aon's Workplace Practices Test is designed to predict the safety behavior of job candidates. Using scientific rigor, this test targets propensity to take risks, impulsiveness, belief about controllability of accidents, desire to focus on following rules and do things correctly, general responsibility, and work ethic. The Workplace Practices test, delivered online and in a variety of languages has strong ROI, including the following:

- Improved job performance (88% more likely to be rated as "Outstanding" by their supervisors)
- Saved an estimated $2.6 million per year in injury-related cost savings
- Reduced workers' compensation claims by nearly 50%

With regards to worker's compensation claim research, candidates who failed the test were

- More than 2 times as likely to have a claim
- 4 times more likely to have multiple claims
- The impact is illustrated in the graphic below

Likelihood of Filing a Claim



Branch Professionals Driving Exposure Fleet Management

Employees driving on company business presents a catastrophic exposure and Aon can assist staffing companies with the evaluation of controls for personally owned vehicles used for business. Aon will help develop policies addressing motor vehicle records (MVR) standards, assistance with driver training, establishing basic driving rules - use of defensive driving practices, use of electronic devices while vehicle in roadway or moving, seat belt use, incident reporting, and how co-employment firms address initial, refresher and remedial training.

Our team of fleet safety experts, working in conjunction with our brokers can facilitate discussions with the insurance markets to help clients determine the level of risk client is willing to accept, levels of insurance required, prepare driver communication messages about requirements; and if needed seek on behalf of the client, endorsements to address identified risks.

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About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

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