

TECHNICAL INFORMATION PAPER SERIES



REDUCE YOUR RISK OF WORKERS' COMP CLAIMS WITH EMPLOYEE SELECTION, PLACEMENT AND ON-BOARDING BEST PRACTICES.

WITHOUT PRECAUTIONS, NEW HIRES CAN POSE SERIOUS RISKS

The statistics below bear this out. But selective hiring, careful on-boarding and training can help curb potential losses.

Injury rates are 4–6X higher in their first month on the job.¹

30% = Percentage of business failure due to employee crime.²

40% = Percentage of industrial fatalities linked to alcohol abuse.³

New evidence suggests that tenure, even more than age, is an important variable driving workers' compensation claims. Loss-time frequency may be driven by:

- An influx of new workers
- The return of older workers

Workers with shorter tenure file more lost time claims.

And the difference is more significant in the current economic recovery. A recent study found that injury rates were 4-6x higher for workers during their first month on the job.¹

NEW CLAIMS & TIME LOSS STUDY

The Hartford claims data independently validates research on increased frequency. Recently, we conducted a proprietary, multivariate analysis of The Hartford's claims data and employee census information. See the chart on page 2 for our findings and conclusions.

Prepare. Protect. Prevail.SM



CLAIMS & TIME LOSS STUDY FINDINGS	
WHAT WAS THE STUDY BASED ON?	WHERE'S THE GREATEST RISK?
<ul style="list-style-type: none"> • The Hartford's claims data and employee census information • Industries with a greater probability of injury, such as construction and manufacturing 	<ul style="list-style-type: none"> • Tenure of less than one year was the single most significant predictor • Inexperienced workers have 2-4x the loss cost relativity • Workers with tenure of less than a year have a much higher claims frequency - regardless of age • Workers tenured for 2+ years have relatively low claims frequency and loss costs • Severity is higher in older workers, regardless of experience
WHAT WERE THE PREDICTORS FOR CLAIMS AND LOSS?	
<ul style="list-style-type: none"> • Tenure • Age • Salary 	
WHEN IS THE RISK MOST LIKELY?	
<ul style="list-style-type: none"> • The first year presents the highest risk • The first month is twice as risky as subsequent months 	

HELP REDUCE POTENTIAL FOR FUTURE LOSSES BY CAREFULLY CONTROLLING THE HIRING PROCESS⁴

With effective candidate selection, hiring and training, you can help offset the impact of inexperience.

Putting these new-hire controls into practice can help.

Pre-Employment Controls

- Background checks (criminal, motor vehicle registration, financial)
- Verification of employment, education, licensing, credentials (See sidebar)
- Behavioral assessments (culture fit, risk potential, job skills, cognitive abilities, critical thinking, abstract reasoning)
- Drug testing

Post-Employment Controls

- Physician (medical) assessment
- Physical exam
- Random drug testing
- Drug testing

WHO ARE YOU HIRING, REALLY?

Recent studies reveal that applicants aren't always who they purport to be. What looks good on paper may, in fact, be false information. Statistics like the ones below underscore the importance of verifying records and credentials before you hire.⁵

- 53% of all job applications contain inaccurate information
- 46% of employment, education, or reference checks revealed discrepancies⁶
- 74% of all drug users are employed³
- 14.1% of construction workers used drugs in the last 30 days⁷
- 30% of the adult U.S. population has a criminal record⁸

HELP LIMIT RISKS MOST LIKELY TO IMPACT NEW HIRES AND SHORT-TENURED EMPLOYEES

Every employer has a legal obligation under the Occupational Safety and Health Act of 1970 to provide and maintain a safe and healthful workplace for employees. A comprehensive safety and health program will address exposure associated with new hires and all employees.

We recommend the following best practices checklist to help control risks:

PROGRAM	CHECKLIST
SAFETY AND HEALTH PROGRAM	<ul style="list-style-type: none"> <input type="checkbox"/> Review your plan <input type="checkbox"/> Make revisions to assure it applies to all employees <input type="checkbox"/> Make sure all supervisors and managers are actively engaged in safety <input type="checkbox"/> Notify new employees of your commitment to safety
SAFETY AND HEALTH TRAINING	<ul style="list-style-type: none"> <input type="checkbox"/> Emphasize safety and health with all new hires and temporary employees, including them in all programs <input type="checkbox"/> Provide hands-on safety training specific to each job <input type="checkbox"/> Involve supervisors and managers in safety training of new hires, plus follow-up and enforcement <input type="checkbox"/> Observe operations and provide feedback <input type="checkbox"/> Provide training in alternate languages as necessary <input type="checkbox"/> Encourage questions from employees
LOSS CONTROL	Make sure new hires participate in these programs, and educate them on how they apply to their jobs as well as your entire operation.
ERGONOMICS	<ul style="list-style-type: none"> <input type="checkbox"/> Provide work stations, equipment and tools appropriate for the job <input type="checkbox"/> Educate workers on use of work stations and equipment
FUNCTIONAL JOB ANALYSIS	<ul style="list-style-type: none"> <input type="checkbox"/> Be proactive about providing functional job descriptions that clearly identify essential and non-essential job functions as well as physical and other requirements <input type="checkbox"/> Analyze jobs to clearly identify all of the above
MACHINE GUARDING	<ul style="list-style-type: none"> <input type="checkbox"/> Make sure all equipment is properly guarded <input type="checkbox"/> Make sure new hires know how to use the equipment and guards
DRIVER SAFETY	<ul style="list-style-type: none"> <input type="checkbox"/> Obtain periodic motor vehicle registration information on all employees with driving responsibilities <input type="checkbox"/> Inspect vehicles to assure they're in good operating condition <input type="checkbox"/> To boost driver safety, consider: <ul style="list-style-type: none"> » Implementing The Hartford's 3-D Driver Training course » Participating in The Hartford's Driver Improvement Fleet Conferences
RETURN-TO-WORK (RTW)	<ul style="list-style-type: none"> <input type="checkbox"/> Develop an RTW program that includes: <ul style="list-style-type: none"> » Functional job descriptions » Employee and medical provider communication » Transitional duty opportunities » Assure that new hires are aware of your RTW program(s) and expectations
DESIGNATED SAFETY EQUIPMENT FOR NEW HIRES	<ul style="list-style-type: none"> <input type="checkbox"/> Provide hard hats, eye protection, safety vests of a different color and name badges to help your employees identify and support new hires during orientation
BUDDY/MENTOR PROGRAM	<ul style="list-style-type: none"> <input type="checkbox"/> Team up new employees with a "safe" person to consult with questions or concerns

PERSISTENT RISK MANAGEMENT CAN HELP CURB WORK-RELATED INJURIES

By understanding the link between workers' compensation claims and employee selection, placement and safety on-boarding, you'll be in better position to:

- Help reduce frequency and severity of claims
- Retain the more highly skilled, experienced, and productive workers

Remember that risk management for work-related injuries doesn't end at hire. A persistent effort works best. While special attention and safety training should be provided to newly hired workers, the benefits can extend to all employees and company operations in general.



FOR MORE RESOURCES, VISIT US OR CALL.

We're here to help you prevail at THEHARTFORD.COM/LOSSCONTROL.

Or contact your local Hartford agent or Loss Control consultant today.



Business Insurance
Employee Benefits
Auto
Home

¹ Breslin FC, Smith P. Trial by fire: a multivariate examination of the relation between job tenure and work injuries. *Occup Environ Med.* 2006; 13:27-32.

² Kuratko, Donald F.; Hornsby, Jeffrey S.; Naffziger, Douglas W.; Hodgetts, Richard M. Crime and Small Business: An Exploratory Study of Cost and Prevention Issues in U.S. Firms. *Journal of Small Business Management*, July 2000; Vol. 38, No. 3.

³ www.ndwa.org/aboutus.php

⁴ Employers' hiring practices are regulated by state and federal law, including but not limited to, the regulations of the ADA and EEOC. Employers should always consult with legal counsel before establishing any practice that involves hiring.

⁵ Sources: CareerBuilder.com Survey (2008); Gurtin vs. Nurse Connection, et. al. (2002); Human Resources Management (2008); *Recruiting Times*, Society of Human Resources Management (2003); Two Wrongs May Mean No Rights, by Barbara Kat Repa, Nolo.com, (2001); U.S. Department of Labor, *Wall Street Journal* (2003); U.S. Department of Justice

⁶ www.statisticbrain.com/resume-falsification-statistics

⁷ www.samhsa.gov/data/occupation.htm

⁸ U.S. Department of Justice Office of The Attorney General: The Attorney General's Report on Criminal History Background Checks; June 2006.

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