



BUILDING A BETTER WORKFORCE WITH PRE-EMPLOYMENT SCREENING

**Take-and-Use Guidelines for Chubb
Crime Insurance Customers**



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Prepared by Michael Gaul
Proforma® Screening Solutions
For The Chubb Group of Insurance Companies

Contents

- Insurance’s Critical Role..... 1
- What Is Pre-Employment Screening? 2
- Why Do 80% of Corporations Rely on Background Screening?..... 3
- Building a Background Screening Program..... 5
- The Five “C”s of Effective Background Screening 6
- How Proforma Screening Solutions Can Help..... 8
- About Proforma Screening Solutions 9
- About the Author..... 10

Insurance's Critical Role

You value the role of insurance in managing the risks of doing business in today's complex and litigious world. Chubb's *Crime Insurance* is specifically designed to help private companies not only survive but also thrive, despite the most complex threats of litigation that may expose their bottom lines.

Equally important to being protected when things go wrong is reducing the likelihood of damaging or catastrophic events' happening in the first place. Employment screening is an essential hiring and employee retention tool used to reduce the risks associated with the people who drive the success or failure of your company.

Knowing the history and past behaviors of the people you hire and retain can help you predict how well they will perform in your organization—in terms of both safety and quality of work. And considering that all employers are responsible for the actions of their workers, employment screening and ongoing employee monitoring are simply the right things to do.

We asked Proforma Screening Solutions to prepare this guide, *Building a Better Workforce with Pre-Employment Screening*, to help *Crime Insurance* customers develop loss prevention strategies designed to reduce exposure to employee dishonesty losses.

Although Chubb believes *Building a Better Workforce with Pre-Employment Screening* is a good starting point for companies that want to improve or review their background screening practices, it is not a substitute for expert advice. We encourage you to seek appropriate professional advice for any specific issues that arise when you are designing, implementing or reviewing your organization's recruitment and selection process.

What Is Pre-Employment Screening?

Pre-employment screening is a component of the employee selection process that involves evaluating and verifying an applicant's job-related qualifications and identifying potential hiring risks—the results of which can be used to make better hiring decisions. When performed correctly, background screening enlightens hiring decisions with a holistic view of an applicant's past that is tempered by the risk profile and requirements of the job.

Proforma Screening Solutions has been on the leading edge of the employment screening industry for more than 20 years. Our comprehensive employment screening services are designed to quickly, easily and accurately bring the right people into your organization. Using only quality data sources and maintaining the safety of personal identifying information ensures that you get the insight you need without unnecessary risks.

Why Do 80% of Corporations Rely on Background Screening?

A comprehensive background screening program can offer significant value to organizations that rely on the work of individuals. Heightened employee morale, brought about by a safe and secure work environment, can help define organizational culture and drive achievement of corporate goals. That's the big picture of what background screening can accomplish. However, the reasons that initially compel a company to screen are wide-ranging.

Make better hiring decisions—the first time

If you could start over again, which of your employees would you rehire? In any aspect of business, knowledge is the key to making informed decisions. Much rides on decisions that can help lay the foundation for the future, such as selecting individuals to join your workforce. Companies rely on pre-employment background screening to help bring the right people on board—the first time.

Workforce mobility makes screening more essential than ever

The idea of a job for life is long gone, replaced by a mobile society comfortable with obtaining new employment on a regular basis. A recent survey showed that although the average job tenure in Germany is more than 10 years and in both Canada and Great Britain it's around eight, in the United States, average job tenure is four years. This increased cycle of recruitment makes screening the individuals potentially joining your workforce more difficult yet increasingly essential.

Employee behavior can strengthen or weaken employers

Employers are accountable for their employees in the workplace, whether those employees produce excellent, timely work or irresponsible, violent or criminal acts. With this responsibility, it's no wonder employers are striving to learn all they can about job candidates. Background screening gives employers insight to make smarter predictions about how well an individual will behave and produce in the workplace.

Tough economic times call for tighter hiring measures

In the current economic climate and with high unemployment, employers need to scrutinize applicants with even greater care for inflated and fictional employment history and qualifications. In addition, as more temporary employees and contractors are hired during economic downturns, screening of the non-permanent workforce is more important than ever.

Meet the legal requirement to screen job applicants

Many organizations undertake background screening because it is required by law. Financial, banking, education, transportation, health care and law enforcement all have legal background screening obligations.

Honor contractual obligations

Consider the case of a courier company that contracts with a large pharmaceutical distributor to transport prescription drugs to local pharmacies. These contracts typically require the company to institute a specific background screening strategy that may go above and beyond standard legal requirements. Contractual obligations become the impetus for comprehensive screening programs in many organizations.

Use the best predictor of the job candidate's future performance

Employers rarely know job applicants by reputation and can't predict the future, but a person's history is the best indicator as to what his or her future behavior is likely to be. That includes how the person is likely to behave in the workplace. This is a major reason why 4 of 5 U.S. corporations find value in background screening as an integral part of their employment selection process.

Reduce liability from actions by any employee—from minimum wage to executive salaried

Background screening isn't just for sensitive or high-level roles in large corporations. Companies with minimum wage employees and volunteers now screen applicants for positions that offer unsupervised access to people or property or other positions in which hiring the wrong person might result in liability to the organization.

Building a Background Screening Program

As you set out to build an effective background screening program, the first and most sensible advice Proforma can offer is to establish a clear relationship between your chosen background screening method and the job for which you are hiring.

Clearly, a position of significant trust (such as chief executive officer) should be screened at a highly comprehensive level. Conversely, a construction worker doesn't require the same level of background scrutiny.

Remember, too, that an employer isn't automatically justified in denying employment to an applicant who has a criminal past. Much depends upon the level of trust associated with the position.

But there's more to background screening than meets the eye. Think five "C"s.

The Five “C”s of Effective Background Screening

An effective background screening program includes these key components:

- Clarity
- Consistency
- Congruency
- Consultation
- Compliance

1. Clarity in your background screening policy and process

Establish a written screening policy. Build a policy and process that’s specific to the risk tolerance and business goals of your organization. Include the types of checks to conduct at varying levels within the organization, when and how screening is to be conducted and what information will be collected. Explain step by step how the policy is implemented. Readers should easily understand what happens and when. Make the policy readily available to hiring managers and others involved in the hiring process.

2. Consistency in how the process is implemented across applicants

Any background screening process is effective only if it’s consistently implemented. To avoid claims of discrimination, never conduct background checks on a selective basis. All similarly situated applicants—those applying for the same or similar positions—must be subject to the same format of background checks prior to receiving an offer of employment.

3. Congruency between the background search and the position, risk and budget

Make certain the background check is job-related and that the screening methodology is congruent with the risk of the position you are screening for, the risk tolerance of the organization and the established business goals.

4. Consultation and services from an experienced screening provider

It rarely makes sense to attempt background screening without the services of a qualified background screening firm. The logistics and complexities that surround the collection and use of background data for employment purposes require know-how that most companies don't have. In addition, a screening provider can help create the clarity, consistency and congruency mentioned above. In the end, the cost of hiring a screening company is seldom more than the cost of creating and running a program using internal staff.

5. Compliance with FCRA regulations, state and federal laws, and other contractual obligations, as applicable to your organization

The complexities of employment background screening can be dizzying in light of the federal Equal Employment Opportunity law and the Fair Credit Reporting Act (FCRA) meshed with state equal employment and fair credit reporting laws, the Americans with Disabilities Act and other legal or contractual obligations employers face. Before long you may find yourself wondering if it's all worth the effort. A qualified screening provider, paired with appropriate legal counsel, can help you effectively deal with the compliance environment and get the most from your efforts.

How Proforma Screening Solutions Can Help

When you're ready to begin your screening program, Proforma is here to help. Give us a call or request a meeting with one of our background screening experts. As a Chubb *Crime Insurance* customer, you have access to the following services.

Five Complimentary Background Screenings

Chubb *Crime Insurance* customers will receive five complimentary Level 1 background screens (where permitted by law) as a result of their participation in the affinity program. This enables participants to begin to experience the benefits of screening without financial risk. Such participation is subject to the standard terms and condition of Proforma Screening Solutions standard fees-for-services agreement and compliance requirements.

Free One Hour Consultation

Each participant will receive a one-hour methodology review session with a screening expert. This session will cover screening methodology sensitive to position risk, basic compliance and disqualification guidance.

Access to Ongoing Preferential Rates

Chubb *Crime Insurance* customers will receive preferential pricing (where permitted by law) from Proforma Screening Solutions for subsequent employment background checks. These rates will be detailed in a proposed customer agreement and be based on the type and number of background checks required.

Policy Development

A background screening program is only as good as the policy underpinning it. As a Chubb *Crime Insurance* customer, you'll have complimentary access (where permitted by law) to a basic policy framework you can adapt to your organization's specific needs and access to background screening experts to help you develop a more specialized policy.

For details, call (866) 276-6161 or visit <http://www.proformascreening.com>.

About Proforma Screening Solutions

You can hire the right person the first time more often. Proforma Screening Solutions delivers a wide range of background checks and background screening services to help companies make better hiring decisions.

Your Next Steps: Speak with an Expert

Proforma hopes this booklet helps raise your awareness about the risks of fraud and ways you can manage those risks. Although the booklet provides general guidance, it's not a substitute for expert advice. Be sure to consult experienced professionals for guidance on fraud prevention.

You can reach the author of this booklet, Michael Gaul, by calling 866-276-6161 or through email at mgaul@proformascreening.com.

About the Author

A security industry professional since 1998, Michael Gaul has extensive expertise in the fields of human capital risk management, physical security and background screening process management. He has served on the board of the National Transportation Logistics Association and is a member of the National Association of Professional Background Screeners, American Society of Industrial Security, National Association of Drug Diversion Investigators and National Burglar and Fire Alarm Association.

Proforma Screening Solutions
125 East Hirst Road, Suite 2C
Purcellville, VA 20132
866-276-6161
www.proformascreening.com



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