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# PEO Myths vs. Reality

By Clay Kelley



# Clay Kelley Background

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Clay Kelley has been in the HR Outsourcing and PEO business since 1985.

He has participated in seven mergers and acquisitions and assisted in raising over \$20,000,000 in capital and has trained over 2000 sales professionals.

Clay Kelley holds the distinguished Professional in Human Resources (PHR) designation from the Human Resources Certification Institute.

He is the author of three books; Success in Selling PEO, JUMP Start to Success in Selling PEO, and Managing for Success in Selling HRO. He is the most published author of sales related articles in the industry.

# Who We Are

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Insured Solutions is a national MGA with over \$300 million dollars in revenue specializing in alternative markets. We utilize independent agents to provide their clients one resource for:

- Hard to place workers' compensation coverage
- Alternative workers' compensation markets
- Risk management services
- Optional payroll administration

Sales and support offices in Georgia, California, North Carolina, Florida, Tennessee



# What Do We Do for our Agents?

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- We are here to increase your commissions!
- Access to alternative markets for hard to place risk
- On-line broker portal for quick quoting & tracking
- In-house underwriters
- In-house agent services representatives & CSR's
- Aggressive risk management programs
- On-site loss control
- Post Claims Management



## What is a Professional Employer Organization (PEO)?

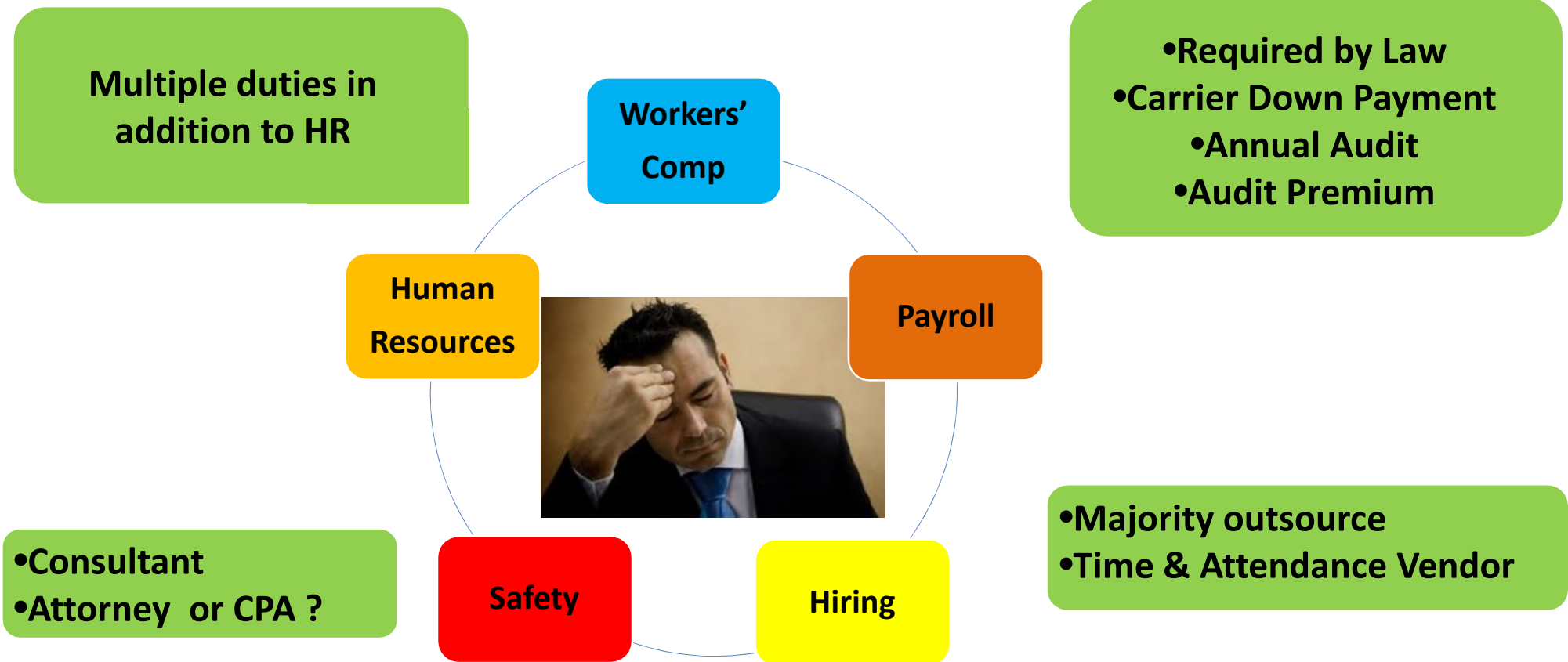
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A professional employer organization is a service provider that contracts to share or allocate certain responsibilities of an employer in the areas

- Human resources
- Workers' Compensation
- Risk management
- Payroll administration

# How Do Most Employers Deal with HR?





# National PEO's that are publicly traded

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**ADP**

**Paychex**

**Tri-Net**

**Administaff  
/ Insperity**

**BBSI**

# At Insured Solutions, we believe there is a better way...

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•Reduce Cost

Safety

Payroll

- Execution of Payroll
- Direct deposits
- Tax payments & Tax reporting

•We provide HR expertise

HR

Workers Comp

- Negotiate coverage with carrier
- No down payment
- No audit/premium

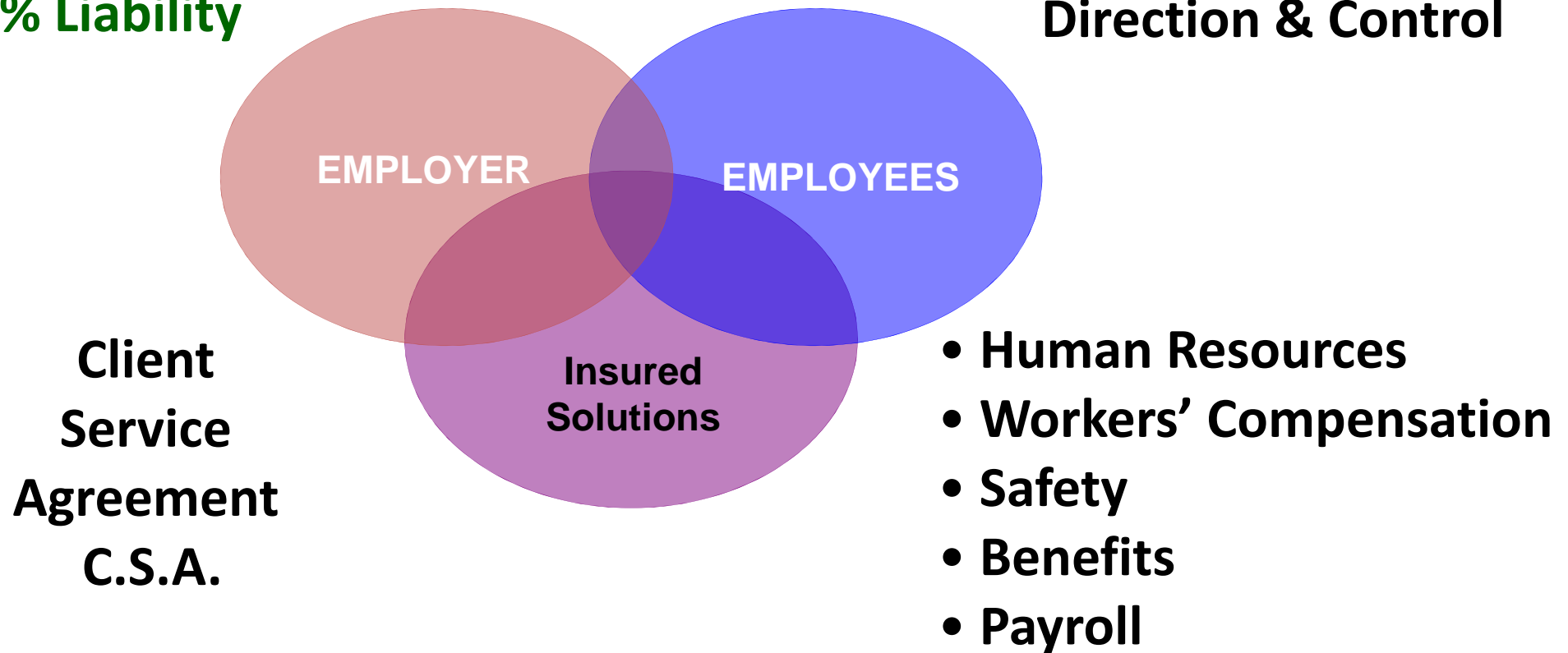


# Why Outsource HR?



**100% Liability**

**Direction & Control**



# Why Outsource HR?



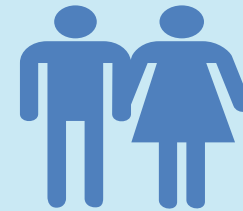
## PPTLC

- Maximize Employee **P**roductivity
- Reduce **T**ime spent in transactional HR
- Reduce Employment **L**iability
- Ultimately lower labor **C**ost
- Increase **P**rofitability



## Human Resources

- Human resources consultations
- Assist with workplace conflicts
- Pre-employment screening
- Employee handbooks
- Position descriptions
- Management & employee training
- Assist with SUTA claims, hearings & appeals

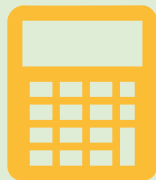


# Why Outsource HR?



## Payroll & Tax Compliance

- Online Human Resources Management System (HRMS)
- Online process, direct deposits & checks
- Payroll tax liability & compliance transfer
  - ✓ Tax deposits
    - Withholding, FICA, FUTA, SUTA, other
  - ✓ Tax form filing
    - 940, 941, W-2s, W-3 & SUTA, other
- Reconcile payroll & tax transactions



## Risk Management

- Procure coverage
- Eliminate the down payment
- Eliminate the payroll-premium audit
- Eliminate the audit premium
- Smaller premium payments
- Work site safety inspections
- Risk specific safety plans, training & materials Claims management
  - ✓ Process claims
  - ✓ Post accident drug testing
  - ✓ Claim investigations
  - ✓ Coordinate return to work programs (RTW)
- OSHA compliance assistance

# PEO Myth # 1

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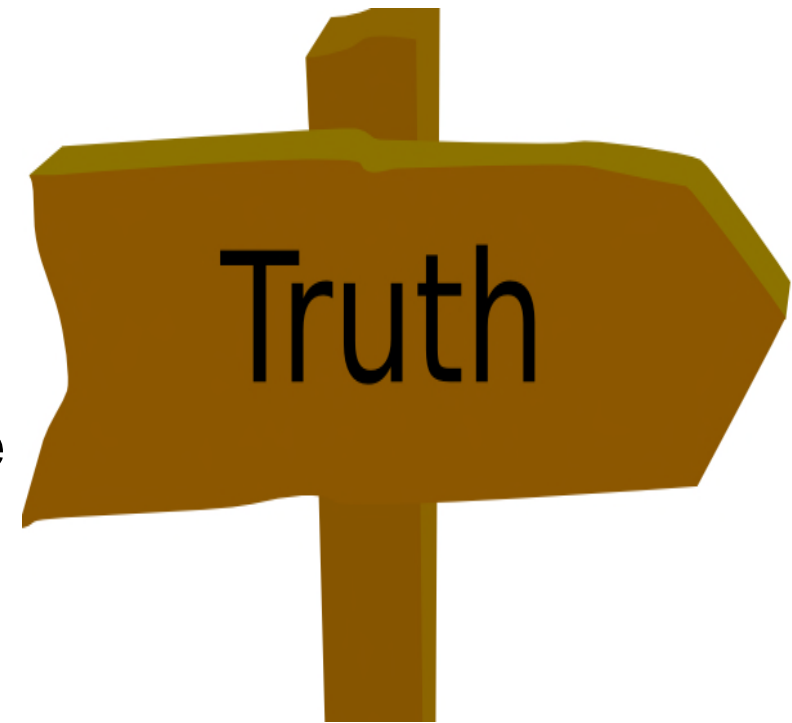


Clients will lose their experience MOD and claim data by joining a PEO.

# PEO Reality

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- PEO's report data to the NCCI, WCRIB, etc. by client co. for MOD promulgation
- CA Rule 4 requires PEO's to issue separate policies and report to the WCRIB
- Clients receive their own loss data to use for marketing their account



# PEO Myth #2

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Clients lose control over their employees by joining a PEO



# PEO Reality

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- By contract, clients maintains direction and control over employees
- Clients hire, fire, train employees



# PEO Myth #3

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PEO clients & agents will have to shop each year for their annual insurance renewals.

# PEO Reality

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- Most PEO's offer an auto-renewal process so renewals are a non-event
- Depending on the state (excluding CA & NY), most PEO's give flat renewals on workers' comp and competitive renewals on medical insurance plans
- An annual pricing review is recommended if the client has dramatic change in payroll or losses/MOD

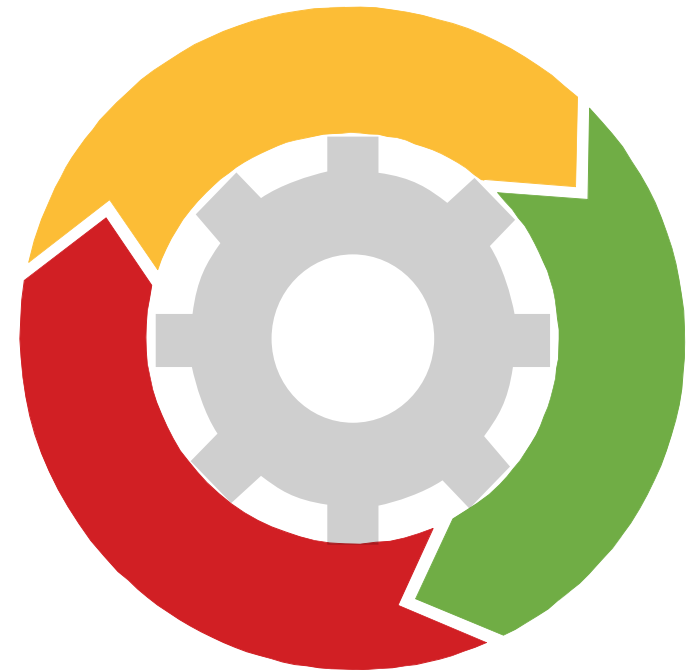


# When a PEO is a fit for a client

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- Client is using PEO now and wants to improve services and pricing
- Needs assistance in risk management
- Needs to improve hiring & HR practices
- Xmod is over 1.50 and standard market options are limited



# PEO Services that MUST BE included



Payroll Administration  
using the PEO FEIN #

Workers' Compensation  
Insurance\*

Risk Management

\* Can be carved out if client is using PEO medical plan

# When a PEO is NOT a fit

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- Client refuses to outsource payroll
- Client has poor cash flow to meet their payroll
- Vendors or government funding will not allow a PEO
- Client will not cooperate with PEO risk managers



