



**USE REAL-TIME,
EVIDENCE-BASED KNOWLEDGE
TO MANAGE WORKER RISK**



Technology is enabling organizations to gather reams of internal and external data and apply advanced analytics to it. Yet, in evaluating risk exposures arising from employee or contractor misconduct, many organizations still rely on out-of-date information (or no information at all) and ineffective methods.

Real-time data on worker misconduct enables organizations to predict their worker-related risk and take

actions to mitigate it. This limits their exposure to financial loss, including legal liability. It also strengthens worker engagement and helps streamline their operations.

RiskKarma.io® offers a suite of SaaS-based risk tools - **WorkerIQ**, **EmployerIQ**, and **MyIQ** – that assess worker risk so you can proactively manage it from a user-friendly dashboard.

Forces Driving The Need to Manage Worker Risk

INCREASING BURDEN OF LIABILITY

Public mistrust of corporations, removal of tort caps, growth of litigation financing, and juries sympathizing with plaintiffs are some of the factors contributing to the increasing number of lawsuits and sizeable verdicts against organizations related to worker misbehavior. To control worker risk exposure, organizations must better manage risks related to hiring, supervision, training, and other employment practices.

The top U.S. jury award to a plaintiff in 2018 - for \$1 billion - was for employer negligence.

Another \$274,000,000 was awarded in additional worker / workplace negligence lawsuits.

Average negligent hiring lawsuit - \$1.6 million

Source:

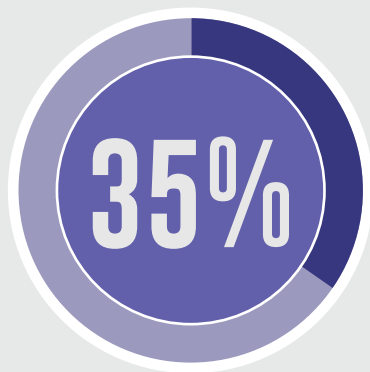
<https://www.travelers.com/iw-documents/business-insurance/excess-casualty-top-100-2018-verdicts-BEXBR.0008.pdf>
<https://clmmag.theclm.org/home/article/investigating-negligent-hiring-claims>

THE FUTURE'S AGILE WORKFORCE

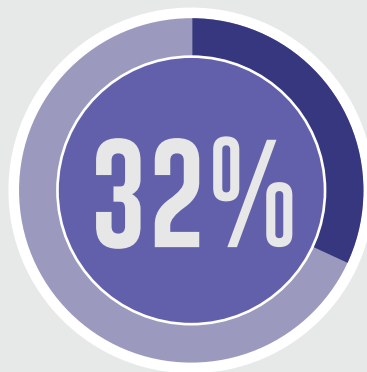
Business trends, such as outsourced and remote employees, are compelling organizations to infuse agility into their operations. While agility can increase organizational resiliency, the dispersion of the workforce means traditional ways of monitoring worker misbehavior simply don't apply.

Adding to the complexity, courts in several jurisdictions have broadened the definition of "employee" to include contractors and vendors, thus expanding an employers risk exposure. But while the employer-employee relationship is evolving, the factors that determine employment risk haven't really changed.

How employers who currently use non-traditional workers think the workforce will be composed in 2025:



contingent, contract,
consultant



virtual or
remote



part-time
consultant

Source:
p. 6

<https://content.randstad.ca/hubfs/workforce2025/Workforce-2025-Randstad-Part1.pdf>

CHANGING LAWS AND ATTITUDES TOWARD EMPLOYING THOSE WITH CRIMINAL RECORDS

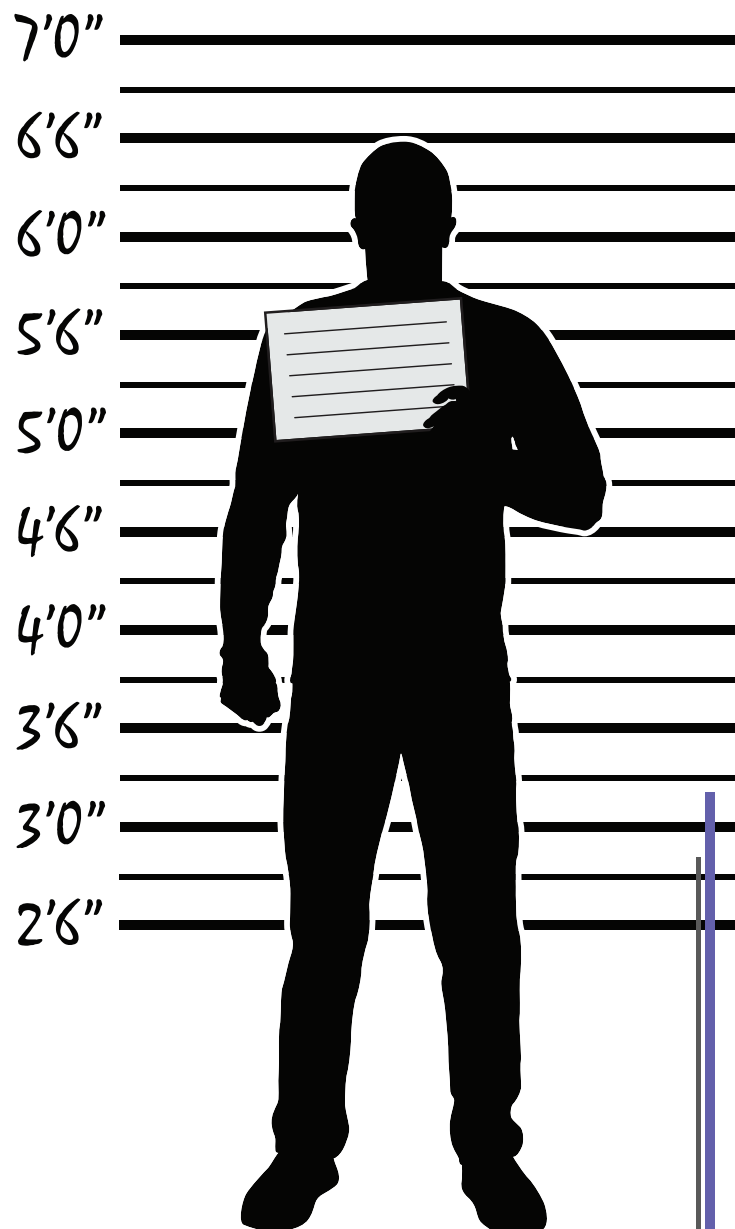
The majority of states and over 150 cities and counties have enacted "Ban the Box" laws that prohibit employers from screening out or discriminating against job applicants based on their criminal records. Nearly one-third of the adult working age population has a criminal record - the same number as have a four-year college degree.

In addition, there's a growing recognition that a healthy economy can't be sustained if those with criminal records aren't part of the workforce. It's estimated that the GDP loses \$78 to \$87 billion annually by excluding those with records. Society and business are accepting the fact that past criminal records don't necessarily indicate worker risk.

DISCONNECT BETWEEN ACTUAL RISK AND PREMIUM RATES

If employers have no way of gathering and providing insurers with actual data on real-time worker risk and loss control practices, insurers must rely on payroll and class data - projections of expected risk - to

set premiums. By their nature, these risk proxies almost never reflect the real picture of risk at a given company. What's more, they don't reflect changes in risk profiles over time. A regular flow of risk-related data gives insurers more flexibility in setting rates in hardening markets.



USE DATA TO ASSESS RISK AND TAILOR NEW INSURANCE COVERAGE

RiskKarma.io®'s suite of smart tools monitor worker misbehavior and organizational policies to reduce risk, providing worker and organizational risk scores insurers can use to determine whether risk levels are acceptable and to set appropriate rates.

RiskKarma.io® is the only tool in the market that uses real-time data and provides a compliance-friendly alternative to the traditional method of categorizing employer liability risks by industry. Its proprietary risk scoring algorithm uses data generated by an organization's HR, payroll and risk systems, giving brokers and underwriters an up-to-date picture of the organization's risk profile.

REAL-TIME, ONGOING RISK INSIGHT FOR INSURERS

Traditionally, insurers had access only to past data to evaluate risks. They didn't have real-time data on actions that may create management liability or what, if anything, organizations were doing to deter criminal behavior.

RiskKarma.io® extracts real-time insights into culturally negative behaviors and actions associated with crime. Like a credit score, **RiskKarma.io**®'s average worker score, data segmentation and data visualizations provide transparency on a company's management liability risks. These factors can be combined with the organization's current risk score to prepare for policy renewal. This data enables actuaries to make informed decisions when recommending insurance premium adjustments.

REDUCE BUSINESS EXPOSURES AND FINANCIAL LOSSES

With tools to predict and prevent management liability, organizations can identify and make strategic moves to reduce the frequency and severity of legal claims and the resulting financial costs and reputational damage.

RiskKarma.io® monitors worker misbehavior and developing loss patterns to predict, prevent and mitigate worker crime that represents billions of dollars in losses each year to organizations of all sizes.

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The Association of Certified Fraud Examiners reports that theft of “non-cash” property—ranging from a single pencil in the supply closet to a pallet of them on the company loading dock—jumped from 10.6 percent of corporate-theft losses in 2002 to 21 percent in 2018.

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18 MONTHS

It takes a minimum of eighteen (18) months for an organization to notice that a fraud has occurred in the absence of appropriate control mechanisms.



\$50 BILLION

amount stolen annually by employees

Source:

<https://www.theatlantic.com/magazine/archive/2019/03/stealing-from-work-more-common/580429/>

Report of the Nations graph, Fig 19, pg 29,

<https://s3-us-west-2.amazonaws.com/acfepublic/2018-report-to-the-nations.pdf>

<https://www.sheerid.com/blog/25-jaw-dropping-stats-about-employee-fraud/>

MOTIVATES ALL LEVELS OF AN ORGANIZATION TO WORK TOGETHER TO REDUCE RISK

Building an automated vehicle for worker risk reduction into a company's structure and operations engages leaders, managers and employees and encourages them to work together to reduce risk. Risk reduction becomes everyone's responsibility.

Employees have access to their own risk profile, allowing them to see how they fit into the overall organization's risk profile, motivating them to contribute to workplace safety.

GIVE EMPLOYEES A PERFORMANCE MEASUREMENT TOOL THEY CAN USE TO THEIR ADVANTAGE

All too often, employees are left functioning on a day-to-day basis with little sense of "how they're doing," relying on subjective feedback, even during formal performance appraisals.

RiskKarma.io® provides each employee with a profile that reflects their risk-related workplace conduct and opportunities to raise their score through training and other initiatives. Employees can objectively demonstrate to current

permission-based sharing, a record of minimal-risk conduct and commitment to workplace norms.

LAY A CORNERSTONE FOR YOUR BUSINESS CONTINUITY PLAN

Unexpected events with global impact are increasing. It's becoming clearer by the day that having a business continuity plan as a contingency isn't enough – you have to know that options for keeping your business up and running, like remote worker flexibility, actually work and can be appropriately and adequately managed over time.

ENHANCE COMPANY ACCOUNTABILITY AND CREDIBILITY

Taking the initiative to onboard company-wide risk monitoring and crime reduction, affecting internal stakeholders and the public, demonstrates to shareholders, customers, partners, and the public that the organization is serious about reducing the costs of criminal behavior to the company, the economy, and society. In this way, using **RiskKarma.io®** is a social responsibility best practice.

USE TIME MORE PRODUCTIVELY

For insurers, the ability to automate premium adjustments based on real-time, dynamic changes in risk levels frees up underwriters to spend more time working on pattern analysis, premium strategies and risk portfolio management.

Tracking and evaluating employee conduct sometimes cause employees to be suspicious of their employers. However, implementing **RiskKarma.io**® across an organization protects the interests and safety of each worker by:

- Implementing an objective system that applies consistently across the organization, and producing data and scores based on science, not subjective criteria.
- Allowing workers to "know where they stand" at any given time and what resources they can use to improve their score, if needed.
- Minimizing the chance that employees will be exposed to inappropriate or illegal behavior by co-workers.

- Consistently and unobtrusively keeping company norms front and center at all times.
- Providing future employers with an extra level of comfort in choosing a **MyIQ** candidate over a non-**MyIQ** candidate.
- Onboarding a system that facilitates flexible working conditions while ensuring compliance

RiskKarma.io® serves social equality by starting all workers on a level playing field, with only future behaviors counted in their risk score.

How Does RiskKarma.io Work?

RiskKarma.io® uses these technologies:

- Machine learning/AI algorithms that include factors for worker behaviors that contribute to crime (worker risk score)
- Machine learning/AI algorithms that include factors based on organizational policies and actions that address worker crime (employer risk score)
- Data mining, which is used to discover new information and trends related to risk and risk mitigation
- Natural language processing, which is used by a loss control recommendation engine to make loss control suggestions
- Permission-based and privacy-protected risk profile sharing; from worker to employer (even future employers) or from organization to insurers and other financial institutions

The platform is comprised of three modules - **WorkerIQ**, **EmployerIQ**, and **MyIQ** - that work together or separately. Collectively, they provide a comprehensive score for an organization's overall risk profile.

WorkerIQ gives employers past point-in-time and real-time scores of disruptive actions by employees and includes data visualizations that highlight trends. Scores can be filtered by employee, department, position/classification, and region.

EmployerIQ is a self-audit component that determines an employer's overall risk score based on the robustness of existing policies and practices aimed at preventing loss from worker crime. The score can be used to reinforce policy and training practices to reduce legal liability and can identify related deficiencies and to bolster organizational reputation and goodwill.

Our loss control recommendation engine helps improve company policies, resulting in reduced loss ratios. Ongoing loss control recommendations produced by **EmployerIQ** and real-time worker risk-scoring reduce legal

liability claims, thereby improving an organization's claims history.

In combination with the organization's average worker risk score (calculated from the total of all workers in an organization) the employer risk score can be shared with insurers to negotiate lower premiums and better terms and conditions. **EmployerIQ** also serves underwriters as a real-time ITO risk tool to accurately determine employer and legal liability risks.

MyIQ provides a risk profile for each employee, displaying current and historical risk scores, licenses, compliance training, certifications, and strengths as assessed by the employee's supervisors. Employees have access to their profiles, which allows them to self-assess their progress, identify needs and opportunities to improve counterproductive behavior, and strengthen their candidacy for promotions and new positions. Through compliance training, workers can increase their scores.

Employees can port their profiles to future employers through a privacy-protected, permission-based and encrypted file transfer protocol.



Powerful Risk Insight and Tools

REAL-TIME DASHBOARD

Riskkarma.io®'s dashboard keeps you up-to-the-minute on risk status, letting you select groupings and aggregate views.

AT-A-GLANCE ANALYSIS

Get an instant read on crucial developments and trends with graphic representations, including comparison of risk score by employee classification and average organization-wide employee score.

DIRECT FOCUS AND RESOURCES WHERE THEY'RE NEEDED

Risk scores can be filtered by organizational unit and regions, spotlighting possible problems and need for policy reinforcement and loss prevention measures.

WORKER SUMMARY

The Worker Risk Profile gives detailed summaries of workers' past and present risk data profiles.

GAMIFICATION

Data can be used to promote risk reduction activities among teams of workers.



RiskKarma.io® is the only tool on the market that gives employers a real-time picture of organizational risk posed by employee misconduct by using data on both worker activities and existing risk-reduction policies. Our SaaS-based, user-friendly dashboard shows companies emerging risks on the level of worker, classification, and region.

By analyzing the impact of worker actions and employer policies together, **RiskKarma.io®** gives organizations unmatched ability to reduce the risk and costs of workplace crime while building a safer and more secure work environment and society.

RiskKarma.io® is guided by a team of world-class, experienced leaders in risk management, insurance, compliance and audit, data science, employer liability, and criminal psychology.

**Schedule your free
15 - minute consultation
today on the Contact Us tab.**

