

Keys to Managing Employee Terminations

One of the most stressful situations employers have to face is dealing with employee terminations. Even when employees leave of their own free will, there are repercussions in the workplace that affect the departing employee, the employer and the employee's co-workers. And when employees leave due to being fired or layoffs, it can be even more disruptive.

When you are faced with employee terminations, it's important to make sure you minimize any negative effects on your business and your remaining employees. If you manage the situation carefully, you can reduce the impact and the risk of encountering legal issues.

A proactive strategy can help. As you consider a comprehensive employee termination strategy, it may be helpful to note that terminations usually fall into one of three categories:

- Employer ending the employment relationship for cause due to poor performance or behavior.
- Employee ends the employment relationship voluntarily.
- Employer ends the employment relationship for economic reasons unrelated to employee performance.

In some instances, specific termination types call for certain responses. There are also general guidelines that make sense for all types of terminations. Here are some tips that may help:

Employer ends employment relationship for cause

- Protect yourself and your employees: Sometimes, the wisest course of action is immediate termination – for example, if an employee steals or is a danger to your business and/or other employees. In this case, immedi-

ate termination may be justified. However, make sure you understand the law and your responsibilities fully.

- Counsel employees and document your efforts: Some poor performers deserve a second chance. Ensure that employees understand what is required of them, and make sure you document warnings and counseling so that your business is protected if you do ultimately have to terminate the relationship.

Employee ends employment relationship voluntarily

- Make sure you understand why employees are leaving: If you don't already have an exit interview policy, consider implementing one. It's a great way to find out how your business stacks up against competitors on the benefits and compensation front. It can also be a good way to nip management problems in the bud.
- Take advantage of counter-offer opportunities: If a valued employee is leaving, you may be able to keep him or her on board if you take the time to discuss the reasons for the departure. Turnover is expensive, and a pay raise might be far less costly than recruiting and training a new employee.

Economic-related terminations

- Let employees know they are valued: Layoffs are difficult, but letting employees know they are appreciated and treating them with respect can make the transition less challenging. If you can provide a good severance

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Welcome to the "Alliance Insurance Services" Risk Monitor!

In this issue and in coming months, we will share with you pertinent risk management topics which can affect your organization. We sincerely hope that you will find the Risk Monitor an informative business tool. Please do not hesitate to contact us should you have immediate insurance needs or questions.

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Protecting Your Business from Employee Identity Theft

Your business could face big problems if one of your employees becomes a victim of identity theft. That's an alarming fact considering the rapid growth of this costly white-collar crime.

How does identity theft among your employees affect your business? One of the provisions of the Fair and Accurate Credit Transactions Act is that an employer whose action (or lack of action) results in the theft of an employee's information can be sued. As an employer, you should keep in mind that the workplace is the biggest source of identity theft.

Businesses should be concerned with more than just the lawsuits associated with employee identity theft. Reoccurring identity thefts lead to negative publicity - which can impact sales and significantly damage employee recruiting and retention efforts.

How can you protect your employees and your business? There are two things you should seriously consider: Offer identity theft coverage as an employee benefit, and tell your employees what they can do to reduce their chances of becoming a victim.

What does identity theft coverage give employees?

- Insurance coverage: To help them get back on their feet after they've been a victim.
- Credit monitoring: That alerts them when unusual credit changes take place.
- Computer protection: Such as anti-spyware and wireless security.
- Protection of personal information: Such as assistance with opting out of marketing databases, as well as tracking data in Social Security databases and financial databases.

What can you tell your employees about protecting themselves from identity theft? Start with the following checklist of do's and don'ts.

Identity theft prevention do's

- Always shred sensitive information rather than just throwing it in the trash. (This is wise advice whether

you're at home or at work.) Things to shred include any confidential information - like credit card pre-approvals, credit card receipts, bank statements, etc.

- Review your credit report regularly. Take the time to make sure it's accurate. It's also important to carefully check your bank statements every month.
- It may seem like a hassle, but it's a smart idea to have your financial mail deposited in a post office box rather than in your home mailbox.
- Remove the mail from your mailbox as soon as possible to afford less opportunity for someone to steal it. Also, be sure to pinpoint when all your bills are supposed to arrive.
- As elementary as it may sound, it's important to do whatever it takes to keep your personal identification numbers (PINs) secret.

Identity theft prevention don'ts

- Obviously, you should never give personal information to anyone without a good reason for having it.
- Never carry your Social Security card or passport in your purse or wallet, and never keep them in their vehicle. Remember that thieves are very interested in your private information - just as they're interested in your tangible valuables.
- Never put your address or driver's license number on a credit card receipt.
- Never put your Social Security number or phone number on your personal checks.
- Never carry credit cards you don't plan to use.

By helping employees keep their vital personal information from falling into the wrong hands, you're doing your part to look after their financial health - and protect your business from a growing risk. Identity theft coverage as an employee benefit not only helps employees stay safer, it makes your business a more attractive place to work.

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package and help in securing another job, this will also help.

- Keep employees informed: Reductions in your workforce affect everyone - your management team, employees who are being let go and employees who will remain with you. Keeping the lines of communication open can help reduce anxiety.

All types of terminations

- Have a process in place: Follow a set procedure so you treat all employees equally. A checklist of termination steps may be helpful.
- Communicate effectively: It's important for all em-

ployees to understand what is expected of them so that you avoid misunderstandings.

- Talk to a lawyer: The employer-employee relationship is highly regulated. If you suspect there may be guidelines you're unsure of, consult an attorney.

The last word

If you're an employer, chances are you will have to deal with employee terminations at some point. They are rarely pleasant, but you can manage the fallout by planning ahead and making sure you have appropriate procedures in place. By taking a proactive approach, you can minimize the effect on your workforce and protect your business.

Protecting Your Business from Workers' Comp Fraud

Tempted to hire a private investigator to spy on employees claiming workers' compensation? You're not alone. Luckily, covert operations can be avoided by taking a proactive approach to preventing workers' compensation fraud.

Here are some effective tips for shielding your business.

Watch for red flags

Knowing common signals of workers' compensation fraud is an important step in protecting your business. Some red flags to watch out for are:

- There are no witnesses of the accident (or the only witnesses are friends/family members of the injured employee).
- It is difficult or impossible to reach the employee.
- The employee changes his or her story about the accident.
- The accident happened on a Friday afternoon but wasn't reported until the following week.
- The accident happened outside of the employee's normal working hours.

Not all claims that occur under these circumstances are fraudulent, but it may be worth it to take a second look.

Make safety a priority at your business

Creating a safer work environment not only lowers the chance of accidents, it also reduces the opportunity for employees to fake an injury. Your business should frequently conduct safety inspections of all work areas and any equipment. Remove hazards immediately, and be sure to document the repairs you make.

Thoroughly investigate workplace injuries

Take the time to review any surveillance videos of the area where the incident allegedly took place. Also, be sure to interview all witnesses shortly after the accident happens — and take any rumors of dishonesty or fraud seriously.

Hire wisely

People who lie on résumés are more likely to lie about workplace injuries. Make it a routine part of your hiring process to

conduct background checks on all applicants. And don't neglect to verify their references and any other information included on their applications and résumés.

Clearly communicate your workers' compensation policies

It's important to discuss your workers' compensation policies with all employees. Tell them what to do when an injury occurs, and explain that insurance costs affect the amount of money available for raises and bonuses. Also, make sure you tell your employees that workers' compensation fraud is a serious crime that will lead to termination and prosecution. Post fraud awareness posters in conspicuous locations explaining what fraud is and what its consequences are.

Implement a return-to-work program

Workers' compensation fraud is less inviting when employees have transitional duty for injured employees. Make sure your employees know that if they get injured on the job, your business will work with the doctor to help them return to work as soon as possible.

Stay in touch

Don't lose contact with employees who are off work because of an on-the-job injury. Injured workers who are hard to get a hold of might be committing workers' compensation fraud. Contact them periodically, and document each contact (whether you were able to reach them or not).

Get signed statements when employees leave

In your exit interviews, obtain signed statements from exiting employees stating that they have or have not had any unreported injuries at work. This will go a long way in discouraging post-termination claims.

Workers' compensation is a major expense for most businesses, and workers' compensation fraud makes it more costly for everyone. It pays to take a proactive stance to reduce workers' compensation fraud at your company.

Maintain Your Business After You're Gone

The thought of someone else handling your business may be difficult to comprehend. You've worked long and hard, and know exactly what it takes to run it. However, one day you won't be around, and it is important to designate who will best carry on your business when you are no longer able.

A business succession plan is not just a type of will for your business. A complete plan includes shareholder buy-sell agreements, management plans, and any other documentation vital to the success of the business. Beyond delineating who will take over your business, a succession plan's main goal is to keep your business running just as smoothly as when you were behind the controls.

If you fail to create a business succession plan, any family member or executor that attempts to take over your business without proper authority could be held personally liable for business debts

and any decline in the business' value. Your heirs will still be entitled to receive all profits from the business.

With a succession plan, you can outline who will have the authority to continue your business, or whether it should be sold or liquidated. You can also identify potential buyers and whether they would have the means to purchase the business in a timely manner.

All involved parties should be aware of and sign the succession plan while you are alive and involved in the business. Your spouse should also be informed of these decisions, and your employees should be aware that you have made arrangements to safeguard their welfare in the event of your death. This document should be filed with the proper authorities, and can be created with an estate planning team, which should consist of your attorney, accountant, and qualified financial professional. With proper planning your business will still be running smoothly long after you are gone.

Cutting Corners When It Comes to Safety Is Never a Time Saver

Some workers like to take chances when it comes to safety. They take needless risks in an effort to save time or cut their work load. But in the process, all they're doing is subjecting themselves and others to hazards that could cause a serious injury.

Employees form bad habits when they continually perform their jobs in an unsafe way and don't get injured. They become convinced that because of their skills they are incapable of being hurt. It's this attitude that usually ends up doing them in, because they take even more chances until eventually a serious accident does occur. Unfortunately, many times that accident is fatal.

Most of a chance-taker's careless acts can be broken down into one of the following categories:

- Failing to follow proper job procedure
- Cleaning, oiling, adjusting, or repairing equipment that is moving, electrically energized, or pressurized
- Failing to use available personal protective equipment such as gloves, goggles, and hard hats
- Failing to wear safe personal attire
- Failing to secure or warn about hazards
- Using equipment improperly
- Making safety devices inoperable
- Operating or working at unsafe speeds
- Taking an unsafe position or posture

- Placing, mixing, or combining tools and materials unsafely
- Using tools or equipment known to be unsafe
- Engaging in horseplay

Although OSHA does not cite employees for safety violations, each employee is obliged to comply with all applicable OSHA standards, rules, regulations, and orders. Employee responsibilities and rights in states with their own occupational safety and health programs are generally the same as for workers in states covered by Federal OSHA.

Employees should follow these guidelines:

- Read OSHA notices at the jobsite
- Comply with all applicable OSHA standards
- Follow all lawful employer safety and health rules and regulations, and wear or use prescribed protective equipment while working
- Report hazardous conditions to a supervisor
- Report any job-related injury or illness to the employer, and seek treatment promptly
- Exercise these rights in a responsible manner

If you are working with a chance-taker, ask them to stop and consider what jeopardy they are putting themselves and others in. Then buddy up with them to find a safer way to perform the task. Remember, an unsafe act doesn't save time if an injury occurs.

Risk Monitor



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