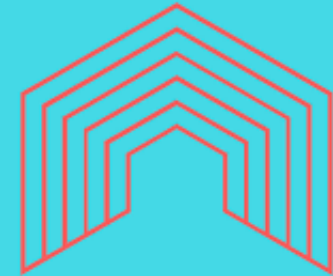


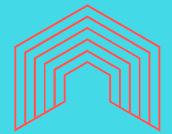
# Background Screening Committee



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# Committee Panelists

- John Page
  - VP Sales – Quick Search
- Ed Baldwin
  - President - ProfileGorilla
- Michael O'Connor
  - SVP Business Development - Shieldhub




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# RECOMMENDED STANDARD FOR BACKGROUND SCREENING

## Standard Specifications

- Appendix I – Charge Categories
- Appendix II – Severity Matrix
- *Additional Information* – Attorney Opinion Letter



RECOMMENDED STANDARD FOR:  
**BACKGROUND SCREENING**

### 1. Background and Purpose

Right from the outset, PIRC meetings have been dominated by discussions about the effort and expense of maintaining compliance with multiple carriers and/or TPAs' different background screening requirements. The primary objective of each carrier or TPA is to protect the insured, and that isn't changing. Our goal is to provide a streamlined standard that will minimize effort and cost for the contractor while still giving the insured the highest level of protection. Many service providers suggest that the duplication of effort and cost involved could be streamlined by a standardized format. Introducing a standard would help solve problems caused by differing requirements among insurers and third-party servicers, as well as inconsistencies in how vendors implement these requirements.

Challenges with the current system include:

- confusion, subjective interpretation and risk caused by multiple approaches
- disparate client requirements, and varying interpretations
- no consistent background screen review process
- multiple background screens required due to a lack of visibility/inability to share
- time and money wasted on complex processes
- hindrance of contractor conversion to TPA for fulfillment of program needs

Recruitment in the current economic climate is also a challenge. Service providers believe that clearer background screening requirements would create a bigger pool of available, qualified candidates, many of whom are ruled out unnecessarily because the uncertainty in the current system calls for extremely conservative interpretations of background screening reports.

The Background Screening Committee was established to research and present a possible solution for the friction between industry segments caused by the processes of performing and reporting on background screening information. The results of this Committee's work is outlined in the recommendations contained within this document.

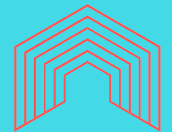
### 2. Steps and Procedures Required to Create and Implement a Standard

Based on its research, the Committee agreed on the following steps to implement a background screen standard:

- Insurer Requirements:** Gather current requirements from as many insurers as possible.
- Interpretation of these Requirements:** Analyze and compare these requirements and propose a summary consistent with most insurers. (Section 3 below outlines the Committee's recommendations).

# Value Proposition

- Decreased Costs - screening requirements increase costs to claims, as costs of doing business by TPA's and Contractors are greater
- Vendor Availability – disqualifications cause a decrease of qualified workforce;
- Back to Work – using the Rules Matrix brings people into the workforce, using a common sense approach to reviewing history
- Reduced Risk – a common standard can reduce exposure to “unfair practices”



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# PROPOSED STANDARD, APPENDIX I, APPENDIX II

| REQUIREMENT                          | PROPOSED STANDARD  |
|--------------------------------------|--|
| Summary                              | Screen all personnel providing services, either on site or with access to customer data. Include contractors <u>and</u> subcontractors   |
| Time                                 | Any state and county of residence in the prior seven (7) years<br>(Where available looking back to conviction date or end of probation or sentence)<br>* (Rec:1)   |
| Names Searched                       | Primary, plus any applicable AKAs  |
| Verification of the individual       | SSN address history. If SSN is not validated, then request Consent-Based Social Security Number Verification (CBSV) or similarly robust tool to verify the individual's ID   |
| Primary Criminal Record Sources      | Federal districts (where lived and worked)<br>Counties (where lived and worked)  |
| Supplemental Databases<br>* Note (1) | State-wide criminal record database - Multi-jurisdictional criminal database - 50 state sex offender<br>Prohibited parties including:<br>- Government Watch List<br>- Office of Foreign Assets Control (OFAC)<br>- Terrorist Watchlist<br>- Specially Designated Nationals List and<br>- Blocked Persons List                        |
| Type of Disposition Reported         | Convictions; Deferrals and Pre-Trial Diversion Programs would be within existing grading for individual scoring with a re-screening option upon completion.<br>Need to get input by an FCRA/HR attorney, and insurer input for liability to the participants.<br>(Handling of pending or suspended charges needs further discussion) |
| Showing                              | All felonies & misdemeanors  |
| Address                              | All residential addresses  |
| Frequency                            | Every three (3) years  |
| Motor                                | Reported for anyone who has or has ever had a driver's license. Exception for administrative roles or anyone who has never obtained a driver's license   |
| Exclude (from work) if               | MATRIX TBD through Committee work  |
| Other FCRA Obligations               | Disclosure and authorization forms must be signed by each candidate and retained.<br>Adverse Action process must be properly followed.   |

# Steps and Processes to implement the standard



› Gather current requirements from as many insurers as possible

› Analyze and compare these requirements  
› Propose a combined summary

› Combined summary  
› Meet requirements of most insurers  
› Address outliers  
› Clarify any matters not called out

Agree how to manage;  
› Severity  
› Age,  
› Quantity, of each charge and/or combination of charges

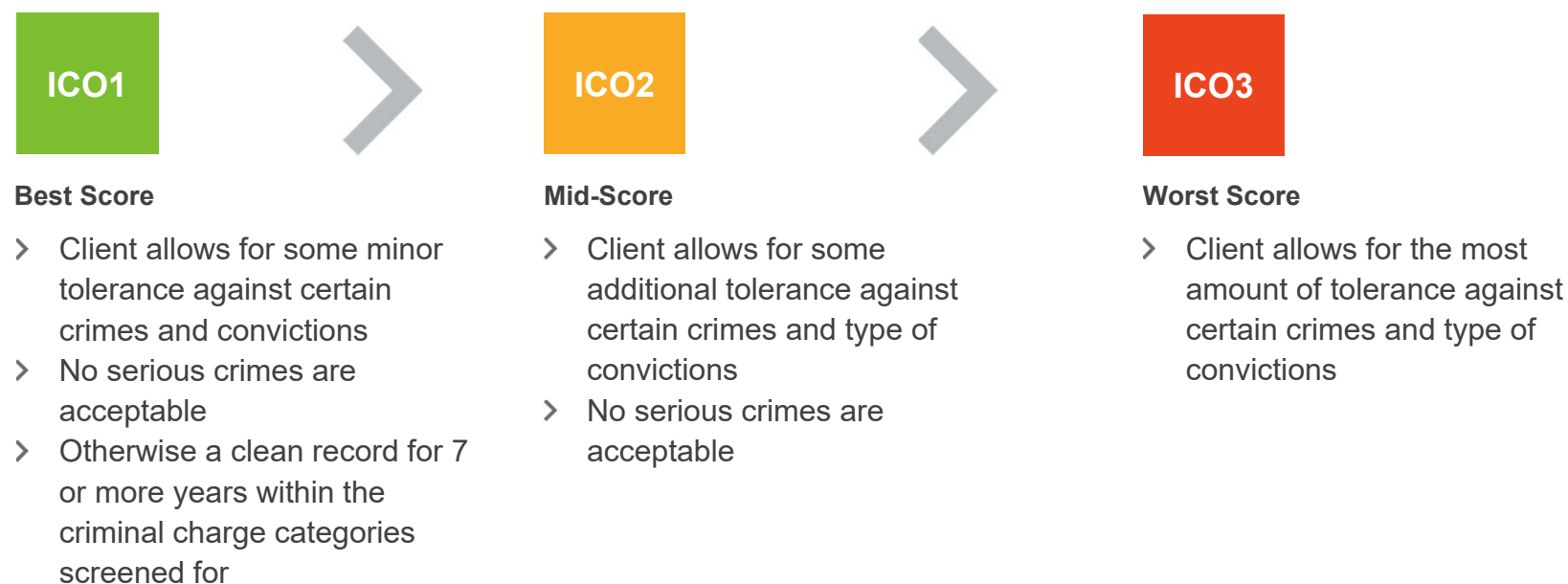
› Grading depending on rules  
› Not a simple Pass or Fail

› Have the BGC Co. do this  
› Based on the standard provided  
› Managed by a Co. or body  
› Leads to consistency and lower costs

› Allocate a unique ID to all involved  
› Enable cross industry movement  
› While maintaining confidentiality

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## Levels Of Compliance



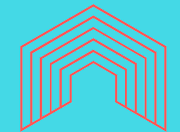
**Note 1:** In Appendix I, a criminal charge categorized as “Grade based on age or quantity” with a felony in the past 7 years can only be scored ICO3.

**Note 2:** All of the above are limited as far as records and the law permits in each case



**RECOMMENDED STANDARD FOR:  
BACKGROUND SCREENING**  
**Appendix 1: The Criminal Charge Categories and Recommended Grading**

|   |  |   |
|---|--|---|
| <b>Immigration</b>                              | Transporting Aliens Within The US, Harboring Illegal Alien, Re-Entry of Deported Person, Entering Marriage to Evade Immigration                  | Do not Consider - IC01                    |
| <b>Terrorism/Terroristic Threats</b>            | Terroristic Threats / Acts, Threaten Violence with Intent to Terrorize, Bomb Threat, Hostage Taking  | Always Report - IC03                      |
| <b>Treason</b>                                  | Treason, Attempt Sabotage / Sedition   | LEVEL C - Grade based on Age and Quantity |
| <b>Sex Crimes</b>                               |  |   |
| <b>Sex - Child Related</b>                      | Child Molestation, Indecency with A Child, Lewd Act on A Child, Statutory Rape, Sexual Assault on A Minor  | Always Report - IC03                      |
| <b>Sex - Miscellaneous</b>                      | Public Indecency, Lewd Conduct, Obscene Material, Pornography, Peeping, Voyeurism, Indecent Exposure   | Always Report - IC03                      |
| <b>Sex - Offender</b>                           | Failure to Register, Violate Conditions / Requirements   | Always Report - IC03                      |
| <b>Sex - Prostitution</b>                       | Patronizing A Prostitute; Offering Prostitution; Solicitation for Sex Act; Pandering   | Always Report - IC03                      |
| <b>Sex - Unlawful Contact</b>                   | Offensive Touching, Incest, Carnal Knowledge, Unlawful Voluntary Sexual Relations, Touch Intimate Part of Another Person                         | Always Report - IC03                      |
| <b>Sex - Violence</b>                           | Rape, Sexual Assault, Gross Sexual Imposition, Sexual Battery  | Always Report - IC03                      |
| <b>Substance Abuse</b>                          |  |   |
| <b>Drugs - Distribution</b>                     | Distribute / Manufacture / Possess with Intent to Sell   | Always Report - IC03                      |
| <b>Drugs - Possession</b>                       | Possession of Any Drug Except Marijuana, possession-Controlled Substance Without Prescription, Buy Controlled Substance, Narcotic Drug Violation | LEVEL A - Grade based on Age and Quantity |
| <b>DUI - Alcohol &amp; Unspecified</b>          | DUI Or Equivalent If Alcohol Is Stated or If No Contributing Intoxicant Is Listed  | LEVEL A - Grade based on Age and Quantity |
| <b>DUI - Drug Related</b>                       | DUI Or Equivalent If 'Drug Related' Is Specified (Or Any Specific Drug)  | LEVEL A - Grade based on Age and Quantity |
| <b>Intoxication - Alcohol &amp; Unspecified</b> | Public Intoxication, Under the Influence, Public Drunk, Drunk & Disorderly, Intoxicated & Disruptive   | LEVEL A - Grade based on Age and Quantity |



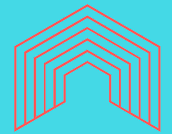
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# Real World Example

- DUI Alcohol, 3 years ago
  - Felony
    - Automatic ICO3
  - Misdemeanor
    - Variable criteria for repeat offenses – can be a ICO1, 2 or 3 depending
- Scoring done by the Background Screening company, not the Contractor themselves
- – *This is for information purposes, the Hiring decision is made by the Contractor*

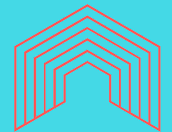
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# Current Social Climate

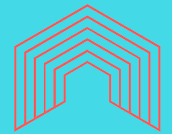
- ❖ **Social responsibility** movement towards “giving people a chance; getting back to work” – second chance opportunities
  - Helping people clean up their records
  - “Individualized Assessments” with any rejection per EEOC recommendations – (NY State example, process for reduced/no liability claims to employer)
- ❖ **Brand opportunities** for leadership



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## Audience Poll Question:

- ✓ Should the committee work on resources available to people who need assistance to “clean up” their record?
  - *(Not as direct legal advice)*



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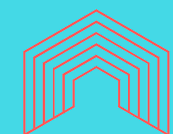
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# Points from the Attorney Opinion

## Larry D. Henry

- ...an attorney with 38 years of experience with the Fair Credit Reporting Act (“FCRA”), as well as state and local consumer screening laws.
- **Executive Summary**
- The background screening landscape is changing quickly which requires an assessment of existing practices. The emergence of a new wave of litigation based upon ultra-technical interpretations of the Fair Credit Reporting Act (“FCRA”) mandates a review of current processes.

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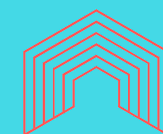
# Points from the Attorney Opinion

## Larry D. Henry

### ■ Executive Summary

- Finally, with most FCRA claims being brought as class action, the financial risk of FCRA claims has become magnified.
- The following proposes modifications to existing processes that *address obvious risks* and *creates a uniform system* that will make the screening process more streamlined, thus *encouraging more contractors to become certified*.

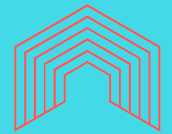
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# Promote the Recommended Standard

- The committee seeks input from segments on the Recommended Standard
- Still to come:
  - Implementation strategies
  - Scoring Sheet “Template”  
(Explanation and Disclaimer for Hiring)
  - Industry Feedback on application

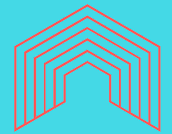


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# Steps to take...

- Personally, join the committee
- Review the documents provided
- Share with Insurers and TPAs for feedback
- We are awaiting insight, feedback...

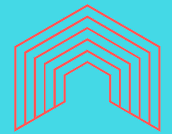


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## Use Q&A or Raise Hand:

✓ *Do you have questions or comments?*



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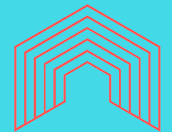
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