

## PEO Sector Faces New Challenges with Labor Shifts

Significant changes in the labor market due to the COVID-19 pandemic have reshaped the risk landscape for professional employer organizations (PEOs). The pandemic drove many regulatory changes as individual states took varying stances. Some states shut down completely, while others took a varied approach to furloughed workers.

Work-from-home employees represented a notable transformation in the labor market. This shift to remote work, likely tipped by technologies that became ubiquitous during the lockdown phases, appears to be a change that is here to stay.

### CONTACT

To learn more about how Amwins can help you place coverage for your clients, reach out to your local Amwins broker.

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Please refer to your policy for the actual language.

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## PEO emerging risks

PEOs play a crucial role in today's workforce by providing comprehensive HR solutions to businesses. These solutions include payroll administration, employee benefits management and compliance assistance.

PEOs often handle workers' compensation insurance for their client companies, which means they assume the risk of workplace injuries and illnesses. Therefore, they must implement effective risk management strategies, such as workplace safety programs and claims management protocols, to reduce the frequency and severity of workers' compensation claims.

This has become more complex due to persistent labor trends post-pandemic. One significant trend is the rise in temporary staffing arrangements driven by the growth of the warehousing and logistics segment. There has also been a noticeable and immediate, as well as continuous, shift from hospitality jobs in hotels and retail to temporary staffing, warehousing, wholesale goods, storage and delivery roles.

Temporary staffing arrangements present new challenges because there is often significant employee movement between staffing firms and PEOs. This movement can complicate the monitoring of risk for individual clients over the course of a policy term. It is crucial to understand the job duties, class codes and employee movement within all our individual client companies in order to effectively manage risk.

**500**

PEOs manage  
4 million worksite  
employees in the U.S.

**60%**

of the market covers  
the top 10 PEOs.

## Takeaway

In the PEO space, efficiency, speed and expertise are critical. A PEO sells a client a new way of doing business involving multiple products rather than just zeroing in on one. As a result, they need to show their proficiency and understanding of each product as a part of this sale – limiting the time spent on underwriting the workers' compensation line.

**Amwins Specialty Casualty Solutions (ASCS)** is a full-service PEO program manager that specializes in workers compensation. We separate ourselves from the competition with excellent service and our exclusive “PEO Portal Plus” platform. This online portal is designed to provide program members with 24/7 access to all policy, client, payroll, premium and claims data, as well as the ability to independently pre-qualify prospects. With a prospect quote turnaround of 24 - 48 hours, we are positioned to provide our clients with the service and tools to grow. Looking to the future, ASCS will soon offer API integration with PEO members. We stay on top of technological advancements, putting our clients ahead of the curve.

More than 175,000 small to mid-size businesses rely on professional employer organizations to provide vital HR solutions. PEOs rely on us. Learn more about ASCS's PEO program [here](#).

### Insights provided by:

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