

# PEO INSIDER

PUBLISHED BY THE NATIONAL ASSOCIATION OF  
PROFESSIONAL EMPLOYER ORGANIZATIONS\*

THIS MONTH'S FOCUS

## **RISK & SAFETY**

EMERGENCY  
PREPAREDNESS &  
RESILIENCE

RISK MANAGEMENT  
STRATEGY

SAFETY CULTURE

COVER STORY

# BETTING ON HERSELF:

## TRACY CULICERTO'S JOURNEY TO BUILDING AscendHR

TRACY CULICERTO, CEO, AscendHR  
and sons Louie (6) and Carmelo (3)

THE SOURCE FOR PEO EDUCATION\* 707 NORTH SAINT ASAPH STREET, ALEXANDRIA, VA 22314 [WWW.NAPEO.ORG](http://WWW.NAPEO.ORG)

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**JUN/JUL 2026**

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▶ **Tracy Culicerto, President & CEO, AscendHR**

**32**

**COVER STORY:**

Betting on Herself: Tracy Culicerto's Journey to Building AscendHR

**THIS MONTH'S FOCUS: RISK & SAFETY**

**12**

**EMERGENCY PREPAREDNESS AND RESILIENCE**

The PEO Role in Emergency Preparedness: Helping Clients Plan for a Wide Variety of Crises

*Jay Mincks*

The right PEO can help clients develop response plans that reflect their real risks and resources.

From Compliance Partners to Resilience Strategists: The Next PEO Chapter in Emergency Preparedness and Risk Mitigation

*Kristen Fradiani*

The employers PEOs serve are navigating a threat environment that has outgrown their internal capacity.

**18**

**RISK MANAGEMENT STRATEGY**

Implementing Effective Safety Programs for Diverse Industries

*Jim Van Duzen*

The most effective safety programs are tailored to specific tasks and environments.

Scaling Without Liability: How PEOs Use EOR to Win and Retain Globally Distributed Clients

*Anthony Falzone & Tyler Dixon*

Here's the simple version: an EOR helps you support international hires without trying to force the U.S. co-employment model into countries where it doesn't fit.

**24**

**SAFETY CULTURE**

Introducing Psychological Safety and a Proactive Culture Into Client Safety Plans

*Scott A. Johnson*

Behavior-based safety can be a strategic differentiator for PEOs.

Behavior-Based Safety: A Competitive Advantage for PEOs

*Paul Boudreaux*

Behavior-based safety engages employees to strengthen the overall safety culture of the organization.



# ments

## TRACKS

- |  |   |
|--|---|
| <b>07</b> Letter from the NAPEO Chair      | <b>50</b> HR, Employment, & Benefits      |
| <b>08</b> Quick Hits                       | <b>55</b> Operations & Technology         |
| <b>32</b> PEO Voices                       | <b>59</b> PEO Growth                      |
| <b>43</b> Legal, Legislative, & Regulatory | <b>66</b> Letter from the NAPEO President |

## NAPEO THANKS ITS 2026 MEDALLION PARTNERS

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# LEADING THROUGH CHANGE: THE POWER OF COLLABORATION

BY BILL MANESS

**A**s we move into the second half of 2026, one thing is increasingly clear: our industry is operating in a moment of accelerated change. From workforce expectations and evolving regulations to rapid advances in technology and benefits delivery, PEOs are helping businesses navigate an environment that is more complex—and more interconnected—than ever before.

What gives me confidence in this moment is not simply the strength of our individual companies. It's the strength of this community.

NAPEO has always been more than a trade association. It is a network of leaders willing to share ideas and work together to advance the future of the PEO industry. I learned that firsthand when I first started attending NAPEO meetings as a new PEO operator. I leaned on many veteran industry members to learn the ins and outs of the industry and I'm proud that spirit is still strong today. That spirit of collaboration is what has allowed our industry to grow, innovate and continue helping small businesses thrive.

That shared purpose matters now more than ever.

As policymakers continue to examine issues that impact the workplace, it is essential that our industry remains engaged and united. NAPEO's advocacy efforts are only effective because members step forward to share their expertise, tell their stories and help educate lawmakers on the value of the PEO model. I appreciate all of you who took part in PEO Advocacy Day a few weeks ago where we held a record of more than 100 meetings with lawmakers.

Similarly, our conferences and events thrive because members contribute their time and perspective to lead our education programming. These are not simply networking opportunities—they are working sessions where the future of our industry takes shape.

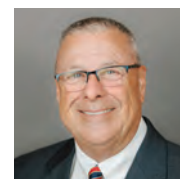
One of the things I appreciate most about NAPEO is the willingness of members to support one another. In a competitive business environment, our industry continues to demonstrate that collaboration and innovation can coexist. Whether it's mentoring emerging leaders,

sharing operational insights or discussing new challenges around AI and workforce technology, our members understand that we are stronger when we learn from each other.

That mindset will continue to define our success moving forward.

Employers are looking for strategic partners who can help them manage risk, attract talent, improve employee experiences and adapt to a changing workplace. PEOs are uniquely positioned to meet those needs—but only if we continue evolving and leading together.

I encourage every member to find new ways to engage with NAPEO in the coming year. Join a committee. Attend a conference. Participate in advocacy efforts. Share your expertise with peers. Every contribution strengthens our collective voice and helps ensure that the industry remains positioned for long-term growth. ■



**BILL MANESS**

2025-2026  
NAPEO Chair  
CEO  
Syndeo

# NAPEO HOSTS GEORGIA LCF IN ATLANTA

NAPEO members recently gathered in Atlanta for the 2026 Georgia Leadership Council Forum. Attendees heard from Senator Shawn Still, chair of the Majority Caucus and a member of the Senate Insurance and Labor Committee. We appreciate Senator Still's continued support for the PEO industry in Georgia.



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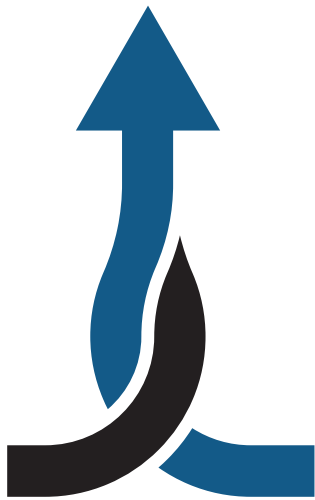
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M&A

# ONEDIGITAL ACQUIRES PROPEL HR



NAPEO member OneDigital has acquired Propel HR, a South Carolina-based PEO with operations in 49 states. This marks OneDigital’s first PEO in South Carolina and reflects continued investment in its rapidly expanding human capital platform as employers increasingly seek outsourced HR solutions to manage compliance, cost and workforce complexity. “Propel HR represents a strategic step forward in how we’re building a modern human capital platform—one that combines national scale with local expertise,” said Ted Crawford, president of OneDigital PEO. “As employers face increasing complexity around compliance, talent, and cost management, this investment allows us to deliver more integrated, flexible solutions while continuing to invest in the people and relationships that drive long-term success.”

LEADERSHIP

# STRATUS HR PROMOTES CHASE HEYWOOD TO CHIEF EXECUTIVE OFFICER



NAPEO member Stratus HR has promoted Chase Heywood, formerly president and chief operating officer, to president and chief executive officer. This leadership transition reflects the company’s continued commitment to strong governance, long-term growth and operational excellence. “I am deeply honored to step into the role of CEO and am grateful for the trust placed in me by John and Michelyn, the leadership team, and our employees,” said Heywood. “We have built something truly special at Stratus, and I look forward to continuing our work together with innovation, supporting our clients, and empowering our people.”

LEADERSHIP

# ABSENCESOFT NAMES MEGAN WOOD CHIEF FINANCIAL OFFICER

NAPEO member AbsenceSoft has appointed Megan Wood as its new chief financial officer. She will be responsible for guiding financial strategy and scaling operations as the company expands its platform footprint across leave and accommodations management. “The market opportunity in front of AbsenceSoft is significant, and Megan brings the right financial and operational depth to meet it,” said Chris Murphy, chief executive officer of AbsenceSoft.



KUDOS

# VENSURE EMPLOYER SOLUTIONS EARNS 14 STEVIE AWARDS

NAPEO member Vensure Employer Solutions has earned 14 Stevie® Awards in the 24th Annual American Business Awards®, including a top honor for Chief Executive Officer Alex Campos, who was named Entrepreneur of the Year in the Business & Professional Services category. “These awards are a direct reflection of the scale, innovation, and commitment of our teams,” said Campos. “Being recognized alongside such strong organizations—and personally as Entrepreneur of the Year—is an incredible honor. It reinforces our mission to deliver solutions that help businesses grow faster, operate smarter, and better support their people.”



CONGRATULATIONS

# FRANKCRUM EARNS TOP WORKPLACE RECOGNITIONS

NAPEO member FrankCrum has been named a Top Workplace by USA TODAY for the second time. This achievement builds on its local legacy, with the company also earning Top Workplace honors from the Tampa Bay Times for the 16th time, demonstrating that its people-first culture remains strong even as it expands its footprint nationally. “The strength of any organization comes down to its people,” said Frank W. Crum, Jr., founder and CEO of FrankCrum. “If you take care of your employees and build the right kind of culture, everything else tends to follow, from how you serve your clients to how you grow as a company. That’s something we’ve believed from the beginning, and it still guides how we operate today.”



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# TRINET ACQUIRES COCOON

NAPEO member TriNet has acquired Cocoon, a market leader in leave management technology. The acquisition expands TriNet’s leave management portfolio, delivering a robust suite of compliance-first solutions and AI-enabled workflows to its clients and their employees, including advanced automated processes, real-time leave tracking, integrated claims filing and streamlined payroll calculations. “I am delighted to officially welcome Cocoon’s talented team and valued clients to TriNet,” said Mike Simonds, president and CEO of TriNet. “Our clients have consistently expressed the need for help managing employee leaves. Cocoon’s robust and intuitive compliance-driven product will improve both the employer and employee experience.”

LEADERSHIP

# DECISIONHR HIRES JOSH MCINTOSH AS CHIEF REVENUE OFFICER

NAPEO member DecisionHR has hired Josh McIntosh as chief revenue officer. With more than 10 years of experience in the PEO and HR space, McIntosh has built a reputation for helping businesses strengthen their operations while driving meaningful, long-term growth. “What excites me most about DecisionHR is the combination of great people, strong momentum, and a clear opportunity to scale,” said McIntosh. “I’m looking forward to working with DecisionHR’s CEO, Peter Newman and the entire team, partners, and clients to accelerate growth and continue delivering meaningful value to businesses across the country.”

INSIGHTS

# ISOLVED RELEASES VOICE OF THE WORKFORCE REPORT



NAPEO member isolved has released its fifth annual Voice of the Workforce report, finding that 47% of employees say they lose at least five hours per week due to inefficient systems or processes at work, while 21% lose more than 10 hours. The report also found that 63% of employees have experienced payroll or pay issues, and 53% say a payroll mistake would prompt them to look for a new job. “HR leaders are working around the clock to improve their workers’ lives, but may underestimate how much retention is shaped by the consistency and reliability of everyday interactions,” said Amy Mosher, chief people officer at isolved. “In a labor market that may become more complex as the year unfolds, those everyday experiences will matter even more.”



INNOVATION

# BBSI INTRODUCES NEW HRIS MODULE

NAPEO member BBSI has introduced its newest HRIS module within the myBBSI client portal: Performance Management. This intuitive solution is designed to help organizations align with employees on objectives and expectations, and track and assess employee performance with consistency and clarity. “Clear expectations and meaningful feedback are essential to building strong teams,” said Darryl Wagner, senior vice president of organizational development at BBSI. “This release gives employers an intentional framework for guiding performance conversations and developing existing talent, helping them build trust and alignment with employees within the myBBSI experience they already trust.”

LEADERSHIP

# EXTENSISHR APPOINTS ALAN MISSEN AS CHIEF INFORMATION OFFICER

NAPEO member ExtensisHR has appointed Alan Missen as chief information officer. Missen joins ExtensisHR as the company continues to invest in the technology, data and operating infrastructure needed to support growth, improve service delivery and create a more seamless experience for clients and employees. “Technology plays an important role in how we improve service and scale our business,” said Blake Morris, chief executive officer of ExtensisHR. “Alan brings deep experience leading large, complex technology initiatives, and he understands how to translate that work into better operating performance and a better experience for clients and colleagues. We are excited to welcome him to the team.” ■

# EMERGENCY PREPAREDNESS AND RESILIENCE



## A PEO ROLE IN EMERGENCY PREPAREDNESS: HELPING CLIENTS PLAN FOR A WIDE VARIETY OF CRISES

BY JAY MINCKS



In June 2025, Aflac identified suspicious activity on its computer network. Shortly afterwards, the entire scope of the problem was revealed: a sophisticated cybercrime group had breached the company's systems, accessing the personal information of over 22 million customers. Names, addresses, Social Security numbers, dates of birth and medical information were all exposed.

In this case, Aflac, with a current estimated worth of over \$60 billion, had the resources and in-house experts that most companies do not. Dedicated security staff rapidly established response protocols, allowing the company to quickly contain the attack while avoiding a costly ransomware situation. Even so, the impact was significant for customers, employees, agents, and beneficiaries alike. Furthermore, as is the case with all publicly announced security breaches, major reputational damage occurred.

Now consider the same scenario within a small or mid-sized business. Many are lucky to have one full time IT professional on staff, let alone an entire IT security team, meaning the likely results are locked-down systems, an inability to access payroll data and plenty of questions about what happens next.

The risks facing employers today are very real, and they are growing. In addition to cyberattacks, companies also need to consider countless other threats including the impacts of major weather events and workplace injuries. And in many cases, smaller organizations are often more vulnerable because they lack the infrastructure and costly resources needed for comprehensive preparedness. This is where PEOs can play a critical role by helping clients identify and plan for

disruptions before they become business-altering crises.

### PEO-PROVIDED TOOLS AND GUIDANCE

As a PEO general agency that regularly works with brokers to identify the best HR services partner for small and medium-sized businesses, we are fully aware how the right PEO match can help organizations be better prepared when the unexpected happens. A skilled PEO can offer expert guidance and provide scalable tools that many small and mid-sized employers could not realistically create on their own.



The process begins with a risk assessment based primarily on location, industry type, and operations. For example, our company is based in Houston, so we plan for severe rain events and flooding. In comparison, a Chicago-based company may instead focus on severe cold and winter storms. Simply put, a generic, one-size-fits-all plan rarely works.

The right PEO can help clients develop



response plans that reflect their real risks and resources. These documents often include standardized templates, customizable frameworks, and clear checklists designed for moments when systems are down and decisions need to happen fast.

### PREPARING FOR PHYSICAL EMERGENCIES

Certain PEOs can help clients build workplace emergency action plans tailored to fit their own unique environments. These plans can determine who is responsible for coordinating with first responders, how employees are accounted for during an evacuation and the decision-making procedures to be used if a key leader is unavailable.

Outside of an emergency, PEOs can help ensure OSHA compliance, support safety training programs, and establish incident reporting procedures that are comprehensive, practical and easy to follow.

Crisis communication planning is also important. Many businesses assume email will always be available, even during times of emergency. But that is not always the case, especially during storms or power outages. PEOs help clients proactively identify alternate communication methods to ensure staff receive timely information whether they are in the office, at home or travelling.

Of course, all good emergency plans require training. Safety drills and tabletop exercises help companies identify gaps and clarify roles before a real crisis occurs. The right PEO can assist in these preparations as well.

PEOS CAN HELP CLIENTS CREATE BACKUP SYSTEMS, WHILE ENSURING THAT CRITICAL FUNCTIONS LIKE PAYROLL CONTINUE TO MOVE FORWARD.

### FORTIFYING AGAINST CYBER EMERGENCIES

While preparations for weather events, earthquakes and other natural disasters is a must, cyber incidents can also be just as disruptive and costly. In many cases, payment and payroll systems, benefits platforms, and HR databases are almost entirely digital. That means, when those systems go offline, business grinds to a halt.

The Aflac breach illustrates the scale of exposure that modern organizations face. If a multi-billion-dollar, well-resourced company can be compromised, smaller, less sophisticated employers are certainly potential targets as well.

PEOs can help clients create backup systems, while ensuring that critical functions like payroll continue to move forward. They can also tell you what, if any regulatory requirements apply and help ensure you remain in compliance with all applicable laws and regulations.

When it comes to cyberattack risks, employee training is paramount. Many breaches start with phishing emails or other attempts to access sensitive password information. That's why simple, consistent and ongoing education can significantly reduce risks.

### A PARTNERSHIP THAT PAYS OFF DURING TIMES OF CRISIS

Emergency preparedness is essential for all businesses. But they don't have to do it alone. PEOs can play a pivotal role in planning, communications and crisis response while ensuring that critical functions—like timekeeping, payroll and benefits—continue even when an emergency strikes. By combining regulatory expertise, operational support, and practical planning tools, PEOs can help small and mid-sized businesses prepare for both physical and cyber emergencies, value that extends well beyond traditional HR administrative duties.

When something goes wrong, and eventually it will, having a PEO that helps your company remain prepared can make all the difference. ■



**JAY MINCKS**

Founder  
BestFit PEO Solutions  
Houston, TX



# FROM COMPLIANCE PARTNERS TO RESILIENCE STRATEGISTS: THE NEXT PEO CHAPTER IN EMERGENCY PREPAREDNESS AND RISK MITIGATION

BY KRISTEN FRADIANI

The question facing PEO leaders is no longer whether clients expect support managing safety and security risk; It is whether you're positioned to deliver it at the strategic level the moment demands. The employers PEOs serve are navigating a threat environment that has outgrown their internal capacity, and the organizations best positioned to close that gap are the ones already embedded in their HR, risk, and operations infrastructure.

For years, the PEO value proposition has centered on compliance, payroll integrity, and benefits leverage. Preparedness and response planning, when included, was often approached as part of broader compliance or business continuity efforts. Today, that role is evolving.

Risk mitigation has become a core test of operational credibility, and forward-looking PEOs are using this moment to reposition themselves from compliance partners to resilience strategists.

### THE RISK LANDSCAPE IS EXPANDING

The data tells a story of convergence. On the physical side, the U.S. Bureau of Labor Statistics reported 2.5 million nonfatal workplace injuries and illnesses in private industry in 2024, while the Census of Fatal Occupational Injuries recorded 5,070 fatal work injuries nationwide. Despite year-over-year declines in both nonfatal and fatal injury rates, the scale of workplace risk remains substantial. SHRM research has found about one in four workers say their workplace has



PEOS ALREADY RUN LMS PLATFORMS, PUSH BENEFITS COMMUNICATIONS, AND COORDINATE OPEN ENROLLMENT. LAYERING IN ACTIVE THREAT RESPONSE TRAINING, PHISHING SIMULATION, AND QUARTERLY TABLETOP EXERCISES USES INFRASTRUCTURE ALREADY IN PLACE.

experienced at least one incident of workplace violence, and 48 percent of HR professionals say their organization has experienced one.

On the cyber side, the shift is sharper. Verizon's 2025 Data Breach Investigations Report say ransomware was present in 88 percent of SMB breaches, versus 39 percent at larger organizations, while a secondary summary of IBM's 2024 cost-of-a-breach research places the average breach cost for organizations with fewer than 500 employees at about \$3.31 million.

The important insight is not that physical and cyber threats are both rising; it is that they're increasingly intertwined. A ransomware attack that disables payroll becomes an employee welfare crisis. A severe weather event that forces evacuation exposes data access gaps. Emergency preparedness must be coordinated across all areas of the business.

### WHERE EMPLOYERS FALL SHORT

The problem isn't that mid-sized employers don't care about preparedness. It's that

their systems and structures make it hard to do well.

Federal disaster recovery data consistently shows that a significant natural disaster or catastrophic data loss often permanently closes small and mid-sized businesses. Despite high awareness of risk, cybersecurity readiness among smaller firms lags sharply. CrowdStrike's 2025 State of SMB Cybersecurity Report found that among businesses with fewer than 50 employees, only 47% report having a security plan in place, and more than half allocate less than 1% of their annual budget to cybersecurity.

Verizon's 2025 Data Breach Investigations Report adds another structural pressure point: third-party involvement in confirmed breaches doubled to 30%, meaning vendor posture

is now a direct organizational liability.

What we see in client engagements matches the data. Plans exist on paper but have never been drilled. Emergency contact trees are outdated. Workplace violence policies reference the wrong jurisdiction. Cyber awareness training happens once during onboarding and never again. Leaders can name their insurance carrier but not their recovery time objective. It's not negligence, but rather what happens when a 200-employee company asks one HR generalist to own safety, cyber hygiene, vendor risk, compliance, *and* crisis communication.

## THE PEO ADVANTAGE

This is precisely the gap you're structurally built to fill. No other outside partner holds the combination of advantages PEOs do: a persistent operational relationship, visibility across hundreds of employers in a single book, co-employment accountability that aligns our incentives with the client's risk profile, and an existing delivery channel for policies, training, and communications.

Consider policy standardization. A PEO can deploy a vetted workplace violence prevention policy, an OSHA-aligned emergency action plan, and a cyber acceptable-use standard across an entire client base, then update all of them simultaneously when state or federal guidance shifts. No 150-person employer can match that velocity.

PEOs already run LMS platforms, push benefits communications, and coordinate open enrollment. Layering in active threat response training, phishing simulation, and quarterly tabletop

exercises uses infrastructure already in place. When a client is breached or faces a physical emergency, the PEO is often one of the first calls, because payroll, benefits continuity, leave administration, and workforce communication all run through them in the moment.

Also consider cyber vendor alignment. PEOs can pre-qualify MFA providers, endpoint protection tools, and cyber insurance carriers, then help clients implement them at negotiated terms, much the way we have always done with medical carriers.

## FROM COMPLIANCE TO RESILIENCE

The strategic shift is in how you frame this work. A compliance approach asks whether a client has a written emergency action plan. A resilience approach asks whether that plan has been tested in the past year, whether leadership knows the first decisions to make in the first hour, and whether the same level of preparedness exists for cyber risks.

Clients are increasingly choosing PEOs based on this distinction. Those looking for compliance support tend to be more price sensitive. Those who trust you to help them navigate a real crisis are more likely to stay, deepen the relationship, and consolidate services with you.

## PRACTICAL IMPLICATIONS FOR PEO LEADERS

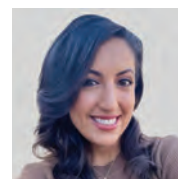
Three tactics deserve attention this planning cycle. Start by treating your preparedness offering like a product, not just a set of services. If a prospective client requested a clear summary of how you support resilience across physical safety, workplace violence, cyber risk,

and business continuity, could your team provide it today? If not, that's the first place to focus.

Next, build cross-functional understanding. Your risk and safety teams should have a basic grasp of cyber risk, and your IT partners should understand OSHA and state emergency planning requirements. The clients who need the most support are often the ones where these areas overlap.

Finally, measure what you want to be known for. Track things like client participation in tabletop exercises, phishing simulation results, and how many clients have up-to-date, tested emergency plans. These are the metrics that matter in renewal conversations and help position your value in the market.

The PEOs that will lead the next decade are not the ones with the best compliance checklists. They're the ones repositioned as the operational backbone clients rely on when the unexpected arrives, whether that arrives as a storm, a shooter, or a ransom note. The threat landscape is not waiting for the industry to catch up, and neither are buyers. Resilience is becoming the lens through which clients evaluate every workforce partner, and PEOs that step into that role with conviction will define the competitive frontier. ■



**KRISTEN FRADIANI**

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# RISK MANAGEMENT STRATEGY



**PEO** clients span construction, manufacturing, health-care, hospitality, warehousing and office environments; each have distinct risks and regulatory obligations. The most effective safety programs are tailored to specific tasks and environments and are scalable across diverse operations. This article outlines a practical approach PEOs can use to classify work, assess hazards, implement targeted controls and connect safety with claims performance to reduce injuries and workers' compensation costs.

Implementing effective safety programs for diverse industries requires a skilled safety professional. PEOs can benefit from highly experienced safety and loss control specialists who help clients prevent injuries, reduce workers'

# IMPLEMENTING EFFECTIVE SAFETY PROGRAMS FOR DIVERSE INDUSTRIES

BY JIM VAN DUZEN

compensation costs and maintain compliance with the Occupational Safety and Health Administration (OSHA).

These professionals should function in a consultative role—either developing and integrating a well-structured safety program into client operations or assessing and improving existing programs. A senior environment, health, and safety (EHS) professional brings broad industry experience and practical technical skills across compliance, risk reduction, workers' compensation and culture. A senior or experienced health and safety professional (often functioning like an EH&S consultant or advisor) needs to have a diverse environmental and safety background that includes extensive industry experience that will assist PEO clients

in practical, technical, and other measurable ways across compliance, risk reduction, and culture. This could include familiarity with workers' compensation claims, investigations, and an understanding of general liability risk management principles and industrial hygiene practices.

## ONE SIZE DOES NOT FIT ALL

Effective safety practices across a PEO's diverse client base necessitate a professional with OSHA expertise, claims insight and operational understanding who can develop tailored programs that prevent injuries and lower claim costs. Credentials and certifications matter but demonstrated competency in construction and general industry regulations—and the ability to scale solutions without

IMPLEMENTING EFFECTIVE SAFETY PROGRAMS FOR DIVERSE INDUSTRIES REQUIRES A SKILLED SAFETY PROFESSIONAL.

copying them wholesale—matters more.

Effective safety practices across industries demand a chameleon-like PEO safety rep—part OSHA whisperer, part risk mitigation strategist, and part operations guru—who develops safety programs specifically tailored for multi-platform PEO industries. Implementing effective safety programs across multiple industries requires a custom approach that balances universal safety principles with industry-specific risks and operational realities. This includes having knowledge with the various agencies other than OSHA that

may have requirements applicable to the operations such as the Environmental Protection Agency, Department of Transportation, and local health departments. OSHA also references and enforces its own performance-based rules using widely accepted American National Standards Institute (ANSI) and National Fire Protection Association (NFPA) practices as evidence of what “adequate” or “recognized” protection looks like (including under the General Duty Clause). These are critical codes that require specific knowledge applicable to specialty trade scopes of work.

A safety professional should be considered a competent or qualified person in the workplace. Competent vs. qualified person definitions are central to implementation. A competent person can identify existing and predictable hazards in the surroundings and has authority to take prompt corrective measures. A qualified person has recognized credentials or extensive knowledge and experience to resolve problems related to the work. In many PEO contexts, safety professionals will serve as both, depending on the operation. This is critical knowledge as both ANSI and NFPA approved standards are widely recognized by industry, regulators, and courts as “consensus” best practice; some are incorporated by reference in OSHA rules.

### OSHA STANDARDS CFR AND TITLE EXPERTISE

OSHA regulations are codified in Title 29 of the Code of Federal Regulations (CFR):



**“AN EFFECTIVE RISK AND SAFETY PROFESSIONAL THAT SUPPORTS PEO CLIENTS MUST DESIGN SAFETY PROGRAMS THAT ARE BOTH SCALABLE AND TAILORED TO EACH INDUSTRY AND OPERATION.”**

- 29 CFR 1910 covers general industry
- 29 CFR 1926 covers construction
- 29 CFR 1904 addresses injury and illness recordkeeping

The distinction matters: general industry applies to routine operations and maintenance across manufacturing, retail, hospitality, warehousing, healthcare, and offices, while construction applies to construction, alteration and repair work. Many standards cross over and apply in both settings. Other agencies can also be relevant depending on the operation.

### EFFECTIVE PROGRAMS FOR CONSTRUCTION AND GENERAL INDUSTRY OPERATIONS

Both General Industry and Construction standards consist of specific regulations tailored to the respective industry’s regulatory and safety needs. However, these regulations may apply to both, and often cross over depending on the operations. The hazard communication standard, lock-out/tag-out (LOTO), fall protection, walking and working surfaces just to name a few, may apply to both standards. Again, this is where an experienced safety professional can

assist PEO clients as they can identify, explain, develop, and integrate the industry-specific OSHA requirements into the varied industries within the PEO. Having the ability to accommodate a scalable approach to the various industries served is an advantage; however, knowing that “one size” does not fit all is paramount to the risk management success of the PEO’s clients.

**STEP ONE:  
UNDERSTAND THE INDUSTRY**

OSHA separates regulations by the type of work being performed. An experienced safety and health professional must first identify the diverse hazards within an industry and then use their skills and knowledge to protect both the PEO and the workers from those identified hazards. This is because the standards applicable to a certain hazard vary from one industry to another. For example, in general industry, fall protection is required at four feet and above, while construction requires protection at six feet and above for unprotected sides, edges and holes.

**STEP TWO:  
UNDERSTAND THE SPECIFIC  
HAZARDS WITHIN EACH INDUSTRY**

Implementing safety programs across diverse workplaces requires industry-specific expertise and a scalable, tailored approach. Construction hazards vary widely—bridge work, steel erection, structural insulated panels, tilt-up, tunnel forms, and masonry each carry distinct risks. An experienced safety

professional is essential to identify these hazards and develop operation-specific fall protection methods. A safety expert is of value to a PEO who understands both standard requirements and approved alternatives of the fall protection standard. They must also be proficient in anchorages, cable lifelines, passive systems, and portable and roof fall protection solutions. Effective programs begin with industry-specific hazard assessments and must scale across diverse clients. That demands extensive experience, strong OSHA expertise, and fluency in the many construction trade regulations and operational best practice.

The operations applicable to the OSHA general industry standards may include healthcare, manufacturing, hospitality, and clerical environments. Again, 29 CFR 1910, general industry, applies to routine operations, maintenance, and most non-construction workplaces. Each of these operations should have distinct safety regulations that will need to be adapted from industry to industry as many of the regulations may be applicable to the various types of operations.

The safety requirements applicable to healthcare operations may differ from manufacturing; however, they may also have significant similarities. An example of this would be the applicability of the bloodborne pathogen standard associated with biological hazards in a hospital, medical laboratory, doctors or dental practice office. A biological exposure may also be present in a hotel specific to the housekeeping operations within the laundry department.

Other regulations applicable to general industry are similar to the construction industry—including the hazard communication standard, LOTO, respiratory protection, and fall protection. This is where a scalable approach in developing safety programs that serve multiple client sectors comes into play. Having a safety professional that can not only identify the hazards but also integrate the OSHA requirements into the various industries served by a PEO is critical to success.

An effective risk and safety professional that supports PEO clients must design safety programs that are both scalable and tailored to each industry and operation. They should identify hazards, align them with applicable OSHA requirements, and implement controls and training specific to each task and the environment in which the work is being performed. An experienced EHS professional who integrates OSHA compliance, risk management, workers’ compensation strategies, and operational insight will reduce injuries and costs, ensure compliance, and ultimately support both the clients’ and the PEO success. ■



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# SCALING WITHOUT LIABILITY: HOW PEOS USE EOR TO WIN AND RETAIN GLOBALLY DISTRIBUTED CLIENTS

BY ANTHONY FALZONE AND TYLER DIXON

## NOT

long ago, a lot of PEOs had the same answer when clients asked about hiring outside the U.S.: We can't.

Between unfamiliar labor laws, limited in-country infrastructure, and the very real compliance risk, saying yes felt like taking on a problem you couldn't fully control. That's changing fast, and Employer of Record (EOR) partnerships are a big reason why.

Here's the simple version: an EOR helps you support international hires without trying to force the U.S. co-employment model into countries where it doesn't fit. Instead of building (and maintaining) expertise for entity setup, local contracts, statutory benefits, payroll, and ongoing compliance in every market, you lean on an in-country partner. This lets you stay in the driver's seat as the client's trusted HR and operational advisor.

And it's not just that things work differently outside the U.S. The rules can vary a lot, and they can change quickly. Employment laws shift country to country (and sometimes region to region), and the details around termination, working time, benefits, and tax reporting aren't forgiving. One wrong step can turn into

fines, back pay, or a mess you're stuck cleaning up. For a PEO built around U.S. co-employment, trying to recreate that model globally is a tough—and risky—way to scale.

This is where a good EOR partnership really helps: it makes the “who owns what” crystal clear. The EOR is the legal employer in-country and takes on local payroll, statutory benefits, and labor-law compliance. The PEO stays focused on the relationship—guiding the client, setting HR strategy, and keeping the experience consistent across the workforce. In practice, that clarity is what keeps liability from drifting into the wrong place.

Take a common example: a U.S. client wants to hire one software engineer in Germany. Without an EOR, the PEO suddenly has to get smart fast on entity requirements, German employment rules, compliant offer letters, payroll, benefits, and all the little details that come with a highly regulated market. With an EOR partner, it's much cleaner. The EOR employs the worker locally and runs compliant payroll and benefits, while the PEO keeps advising the client and running point on the overall service experience.

Put differently, EOR doesn't replace the PEO model. It helps it travel. You can help clients hire globally without taking on outsized cross-border exposure, and they can move faster into new markets with fewer surprises. As more companies build distributed teams by default, the ability to say “yes” (without gambling on compliance) is quickly becoming table stakes.

## CASE STUDIES: HOW PEOS EXPAND THROUGH EOR PARTNERSHIPS (AND KEEP LIABILITY CONTAINED)

When clients grow faster than their legal footprint, PEOs usually face a familiar moment: either say no to international hires, or find a way to support them without absorbing all the risk. That's exactly what EOR partnerships are good for. The EOR takes on the local employer obligations, and the PEO stays the central hub for HR support, governance, benefits strategy, and day-to-day guidance. Below are three composite (anonymized) examples that show what this looks like in the real world.

### 1. The SaaS Scale-up That Demanded Speed (EMEA + APAC)

A mid-market SaaS client working with a regional PEO suddenly landed a few big



**THE EOR IS THE LEGAL EMPLOYER IN-COUNTRY AND TAKES ON LOCAL PAYROLL, STATUTORY BENEFITS, AND LABOR-LAW COMPLIANCE. THE PEO STAYS FOCUSED ON THE RELATIONSHIP—GUIDING THE CLIENT, SETTING HR STRATEGY, AND KEEPING THE EXPERIENCE CONSISTENT ACROSS THE WORKFORCE.**

enterprise deals—and those deals came with a catch. They need implementation people on the ground in the UK, Germany, and Singapore within 30–45 days. Instead of watching the client jump to a global provider, the PEO pulled an EOR partner into the delivery model. The PEO kept ownership of the relationship and the client experience, while the EOR handled the in-country employment setup, compliant payroll, and required registrations.

**Outcome:** The client hired 12 people across three countries in under six weeks, without paying for entity setup, and still had a single “front door” for onboarding, policies, and approvals. Because the PEO positioned the EOR as an extension of the team (not a handoff), they kept the account. Later, once headcount stabilized, the PEO helped the client move two countries onto local entity payroll.

## **2. The Manufacturer with Seasonal Headcount Swings (LATAM Expansion)**

A manufacturing client needs engineers and field managers in Mexico and Brazil to support a new distribution channel, but the staffing needs are seasonal and tied to project timelines. The PEO is most concerned about classification issues and

permanent-establishment risk if the assignments drag on. With an EOR partner, the PEO puts simple guardrails in place: consistent job templates, locally compliant offer letters, and a clean time-and-expense workflow that matches the client’s finance controls.

**Outcome:** Over two quarters, the client is able to ramp headcount up and down while staying on solid compliance footing. The lines stay clear: the EOR owns local employer obligations, and the PEO owns the operating rhythm—reporting, controls, and governance—so liability doesn’t get blurry.

## **3. The Professional Services Firm That Couldn’t Risk IP Leakage (Multi-country Contracting to Employment)**

A consulting firm uses contractors in India, South Africa, and the Netherlands. A major customer introduces tighter security and IP requirements and insists on employment-based delivery. The PEO works with an EOR partner to convert select contractors to employees and pairs the transition with updated confidentiality and invention-assignment terms, plus a consistent onboarding process across countries.

**Outcome:** The client lowers misclassification risk, keeps key talent through project completion, and clears customer audit expectations. For the PEO, it also creates a repeatable contractor-to-employee playbook they can use again and again, and makes the relationship stickier.

The real takeaway is that a strong EOR partnership helps a PEO support global growth without quietly inheriting local employer liability. Clear role definition, strong protections (like indemnities and data controls), audit-ready compliance, and tight operational handoffs are what makes that possible—without disrupting the client experience. ■



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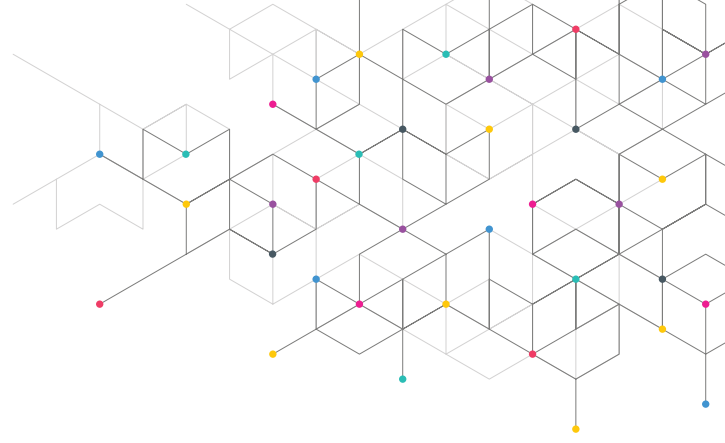
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# INTRODUCING PSYCHOLOGICAL SAFETY AND A PROACTIVE CULTURE INTO CLIENT SAFETY PLANS

BY SCOTT A. JOHNSON

## **In today's dynamic and risk-conscious business environment,**

Professional Employer Organizations (PEOs) are uniquely positioned to deliver more than just transactional Risk services. By embedding Behavior-Based Safety (BBS) and psychological safety into their client safety programs, PEOs can offer a transformative value proposition—one that not only reduces incidents but also enhances client retention, operational excellence, and workforce engagement.

This article explores how BBS, when integrated with psychological safety and a proactive safety culture, becomes a strategic differentiator for PEOs.

## **UNDERSTANDING BEHAVIOR-BASED SAFETY**

Behavior Based Safety is grounded in behavioral science and focuses on identifying, encouraging, and reinforcing

safe actions in the workplace. Through observation, feedback, and positive reinforcement, BBS helps organizations understand why unsafe behaviors occur and how to influence safer choices.

*By embedding Behavior-Based Safety and psychological safety into their client safety programs, PEOs can offer a transformative value proposition.*

The core principles of BBS include:

- Behavior is a choice influenced by the environment, culture and reinforcement.
- Positive reinforcement is more effective than punishment.
- Employees are more likely to change behavior when they are involved in the process.

- Data-driven decisions improve safety outcomes.

Importantly, BBS is not about blaming workers for unsafe acts. Instead, it's about understanding why those behaviors

occur and modifying the systems and conditions that influence them.

## **WHY BBS MATTERS FOR PEOs**

Behavior-Based Safety is a process that uses behavioral science to improve safety performance. It focuses on identifying and reinforcing safe behaviors while

discouraging risky ones through observation, feedback, and positive reinforcement. Traditional compliance-based safety programs—while necessary—are reactive and limited in scope. BBS, on the other hand, is proactive and scalable.

The strategic benefits for PEOs include:

**Reduced workers' compensation claims:** Fewer incidents mean lower premiums and better experience modifiers and improved carrier relationships.

**Client differentiation:** Offering BBS as part of a safety suite sets a PEO apart from competitors.

**Improved client retention:** Clients see tangible value in reduced injuries and improved morale.

**Data-driven insights:** BBS generates actionable data that can be used to tailor safety interventions.

When properly implemented, BBS becomes not just a safety program, but a business driver.

### THE MISSING LINK: PSYCHOLOGICAL SAFETY

While BBS focuses on observable behaviors, it often overlooks the internal environment—how safe employees feel to speak up, report hazards, or admit mistakes. This is where psychological safety becomes essential.

Psychological safety is defined as “a belief that one will not be punished or humiliated for speaking up with ideas, questions, concerns, or mistakes.” In a psychologically safe workplace employees report near-misses without fear, teams engage in open dialogue about safety, and leaders model vulnerability and curiosity.

Without psychological safety, BBS can



For PEOs, the integration of BBS, psychological safety, and proactive culture create a powerful framework that can be embedded into client safety plans.

backfire. Employees may feel observed, judged, or blamed—leading to underreporting and disengagement. When psychological safety is present, BBS becomes a collaborative, empowering process.

### BUILDING A PROACTIVE SAFETY CULTURE

A proactive safety culture goes beyond compliance and incident response. It anticipates risks, engages employees at all levels, and continuously improves.

Key elements of a proactive safety culture include:

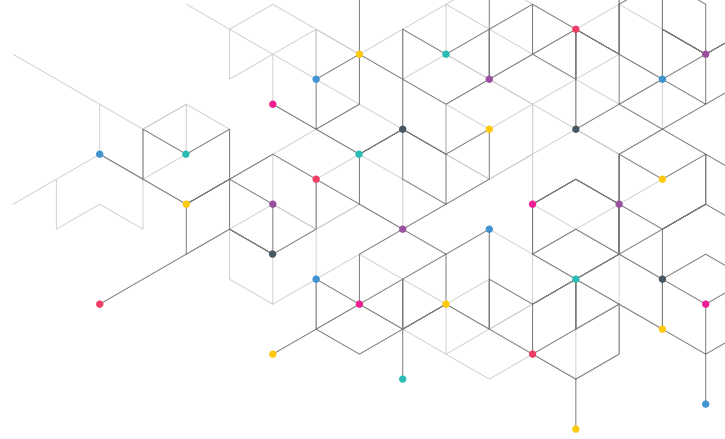
**Leadership commitment.** Leaders model safe behaviors and prioritize safety in decision-making.

**Employee participation.** Engagement in safety committees, audits, and training.

**Open communication.** Safety concerns are welcomed and addressed promptly.

**Continuous learning.** Near-misses and incidents are treated as improvement opportunities.

**Recognition and reinforcement.** Safe behaviors are acknowledged and rewarded.



## INTEGRATING BBS, PSYCHOLOGICAL SAFETY, AND PROACTIVE CULTURE

For PEOs, the integration of BBS, psychological safety, and proactive culture create a powerful framework that can be embedded into client safety plans. An implementation plan can look like the following.

### 1. Assess the current state of operations, policies, and culture.

- Conduct safety culture assessments.
- Use surveys and interviews to gauge psychological safety.
- Review incident data and behavioral trends.

### 2. Train and educate.

- Train supervisors and client managers on BBS principles.
- Introduce psychological safety concepts in leadership development.
- Use real-world scenarios to build empathy and understanding.

### 3. Implement behavior observation programs.

- Develop simple, non-punitive observation checklists.
- Train peer observers to give constructive feedback.
- Use data to identify trends and target interventions.

### 4. Foster psychological safety.

- Encourage leaders to model vulnerability (e.g., admitting mistakes).
- Create anonymous reporting channels.
- Recognize and reward speaking up.

### 5. Reinforce and sustain.

- Share success stories and metrics with clients.
- Hold regular safety huddles and feedback sessions.
- Continuously refine the program based on feedback and outcomes.

### CASE STUDY: A PEO SUCCESS STORY

A mid-sized PEO implemented a BBS program with a manufacturing client experiencing high injury rates. Initial observations revealed frequent shortcuts and underreporting of near-misses. After introducing BBS with a focus on psychological safety near-miss reporting increased by 187% in six months, recordable incidents dropped by 40% in the first year, and employee engagement scores improved significantly.

As a result, the client renewed their PEO contract and expanded services, citing the safety program as a key driver of operational improvement.

### OVERCOMING COMMON CHALLENGES

Even with its advantages, BBS implementation can encounter obstacles. Common challenges can include resistance to change as some clients may view BBS as intrusive or unnecessary. Education and pilot programs can help demonstrate value. A Lack of leadership buy-in is also a challenge. Without leadership support, safety initiatives stall. PEOs should coach client leaders on the business case for safety.

Data overload can also pose challenges since too much data can overwhelm teams. Focus on a few key metrics and use dashboards to visualize trends.

Finally, remember that programs can lose momentum over time. Regular check-ins, refresher training, and recognition help maintain engagement.

### METRICS THAT MATTER

To demonstrate ROI and drive continuous improvement, there are some indicators that PEOs should track.

**Leading Indicators:** Observations completed, near-misses reported, training participation.

**Lagging Indicators:** Incident rates, lost-time injuries, claim costs.

**Cultural Indicators:** Psychological safety scores, employee engagement, turnover rates.

Together, these metrics tell a comprehensive story about safety performance and cultural health.

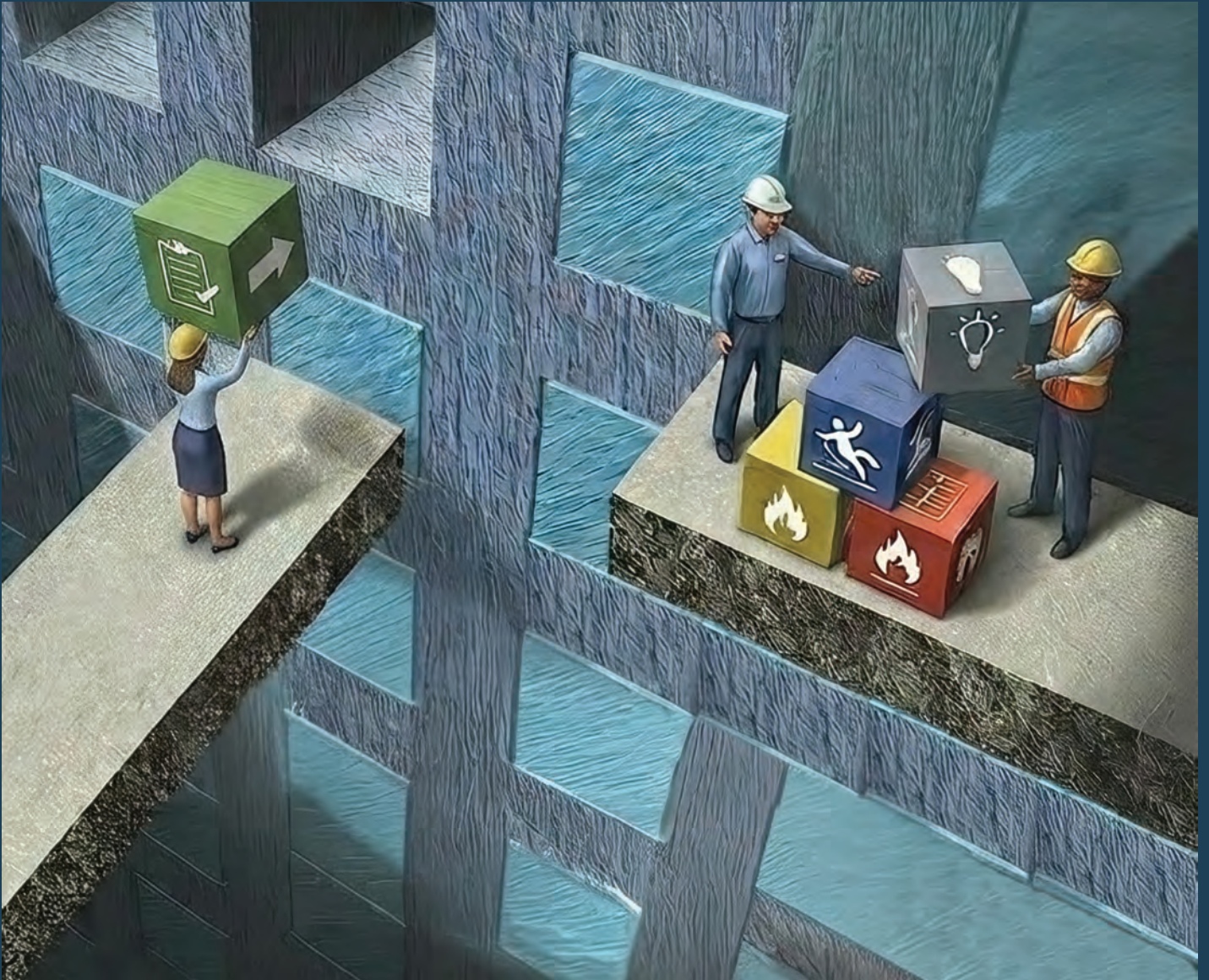
### SAFETY AS A STRATEGIC ASSET

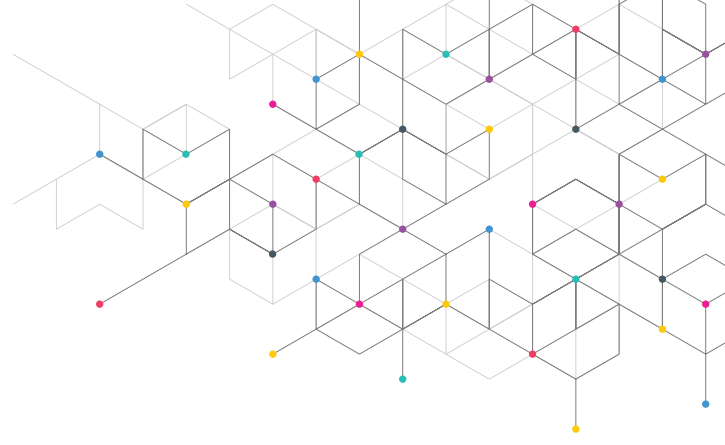
For PEOs, safety is no longer just a compliance function—it's a strategic asset. By integrating BBS, psychological safety, and a proactive culture into client safety plans, PEOs can reduce risk and claims, strengthen client relationships, and enhance their brand and market position. In a competitive landscape, the PEO that helps clients build safer, more engaged workplaces will not only protect people, but also grow profitably and sustainably. ■



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# BEHAVIOR-BASED SAFETY: A COMPETITIVE ADVANTAGE FOR PEOS

BY PAUL BOUDREAUX

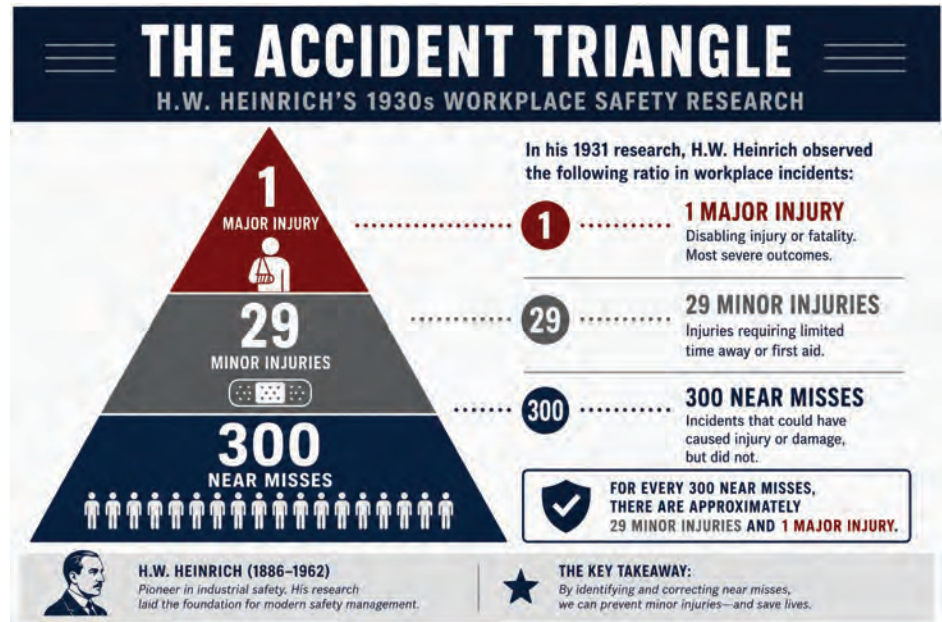
**Behavior Based Safety (BBS) is not a new concept.** Early safety research emphasized behavioral factors as a primary contributor to workplace incidents, while modern safety management recognizes that incidents typically result from multiple interacting causes. One of the most influential early frameworks was developed in the 1930s by H.W. Heinrich, whose research focused on the role of unsafe behaviors in workplace incidents. As part of this research, Heinrich developed what became known as the Accident Triangle, which suggested that for approximately every 300 near misses, there were approximately 29 incidents resulting in minor injuries, and for every 29 of these incidents there was one major injury. The underlying theory was that placing

*BBS programs are designed to give employees an active part in the safety program by identifying safety concerns and suggesting potential improvements.*

greater emphasis on reducing unsafe behaviors may help reduce the likelihood of serious injuries. Heinrich's research influenced organizations to begin focusing on leading indicators of risk, such as near-miss reporting, rather than relying on lagging indicators like incident reports and loss runs.

## **THE ROLE OF A BBS PROGRAM**

A BBS program is designed to engage employees in safety and in developing and strengthening the overall safety culture of the organization. BBS programs help foster a positive safety culture for clients seeking to reduce workplace accidents and injuries. These



programs can influence not only the safety culture but also the broader workplace culture by encouraging open communication between management and the frontline employees. BBS

controls while informing the development of safety best practices. Employees who perform the work are well positioned to provide practical insight into task-related risks and effective mitigation

provides an avenue for employees to discuss their concerns, suggest solutions, and take an active role in the safety culture of the organization. This eliminates the old style of safety management where the rules typically came from the top and were implemented with no input by the actual employee performing the job. Employee participation does not alter or transfer the employer's responsibility for workplace safety compliance.

Organizations that implement BBS can engage employees directly, and when the employees feel that their knowledge and contributions to the safety program are valued, the employees are likely to become more involved in developing and maintaining a safety culture. Involving employees in these processes can also encourage adherence to safety procedures, as employees are more likely to understand and support practices they helped shape. When employees buy in to the BBS they win, the client wins, and the PEO wins.

Some safety industry studies suggest that investments in workplace safety programs may result in cost savings of \$3 to \$6 savings for every \$1 they spend on behavior-based safety programs.

programs are to give employees an active part in the safety program by identifying safety concerns and suggesting potential improvements.

This approach often includes structured job observations that help identify hazards and appropriate

strategies. When implemented effectively, BBS programs may support the development of job descriptions, job safety analyses (JSAs), and near miss reporting procedures, while providing employees with a meaningful role in strengthening their employers' safety program. BBS



## A COMPETITIVE ADVANTAGE

So how can BBS become a competitive advantage for PEOs?

A common argument for companies implementing safety programs and safety training involves the increased costs. However, the benefits have proven to outweigh the perceived costs. Some safety industry studies suggest that investments in workplace safety programs may result in cost savings of \$3 to \$6 savings for every \$1 they spend on behavior-based safety programs (OSHA does not formally endorse or guarantee specific cost savings or financial outcomes from Behavior-Based Safety programs. Reported savings figures are based on select industry studies and may vary widely depending on implementation, industry, and workforce). When introducing a BBS program to a client, the PEO can focus on the benefits that outweigh the perceived costs of implementation. BBS programs are intended to support clients in their efforts to reduce workplace risks and may assist in reducing both claim frequency and severity. Companies that implement BBS are focusing on unsafe behaviors which have a direct correlation to a reduction in the frequency of accidents/injuries, which in turn may result in fewer and potentially less severe workers' compensation claims. Working with clients to develop BBS helps the client "win" while also reaping benefits for the PEO. The BBS programs may help clients create a safer working environment, lower premium costs, improve employee

The BBS programs may help clients create a safer working environment, lower premium costs, improve employee morale, and improve profit margins, as well as many other potential benefits.

morale, and improve profit margins, as well as many other potential benefits. Effectiveness of a BBS program depends on proper program design, management commitment, and ongoing compliance with applicable safety regulations.

In today's market, companies of all types are looking for competitive advantages and opportunities to differentiate themselves by offering value-added services. For PEOs, introducing a BBS program can provide clients with access to a structured safety approach they may not otherwise be aware of or have the resources to implement on their own. A BBS program typically requires a shift in both company culture and safety culture for the program to be successful. However, if the time is invested to implement BBS correctly, it can help PEO clients in some cases reduce accidents and injuries, lower medical costs, and lower worker's compensation premiums. ■

**Legal Notice:** This document is provided for informational purposes only and does not constitute legal, regulatory, safety, or insurance advice. Behavior-Based Safety (BBS) programs are intended to complement, not replace, an employer's responsibility to comply with all applicable federal, state, and local workplace safety laws and regulations, including OSHA requirements.

Implementation of a BBS program does not guarantee reductions in workplace injuries, workers' compensation claims, premiums, or other business outcomes. Results may vary based on industry, workforce, management commitment, and regulatory environment. PEOs and their clients should evaluate Behavior-Based Safety programs in light of their specific operations, workforce, and applicable regulatory requirements



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# BETTING ON HERSELF: TRACY CULICERTO'S JOURNEY TO BUILDING ASCENDHR

BY CHRIS CHANEY

**W**hen Tracy Culicerto talks about building AscendHR, she doesn't start with growth metrics or expansion plans. She starts with people.

She talks about her parents using retirement savings earned through decades in the coal mining industry to help fund her dream. She talks about bringing her infant son to client meetings during AscendHR's earliest days. She talks about the mentors, coworkers, and family members who helped her navigate the challenges of entrepreneurship, motherhood, and leadership all at once.

And she talks about West Virginia.

"AscendHR is a West Virginia-built company, and I think that shows up in how we treat people," Culicerto says. "We're genuine, hardworking, and always willing to step in and help. I'm incredibly proud to be from West Virginia and honored to have the opportunity to support businesses across our state and beyond."

That philosophy has shaped AscendHR from the beginning.

Founded in 2021 and headquartered in Beckley, West Virginia, AscendHR has grown from a startup operating out of a

modest office with a gravel parking lot into a thriving PEO supporting thousands of worksite employees across many states. Along the way, the company has built a reputation for highly personalized service, strong client relationships, and a culture rooted in accountability and community.

As AscendHR approaches its five-year anniversary, Culicerto reflects on a journey that began with uncertainty, resilience, and a willingness to bet on herself.

## FINDING HER PATH

Culicerto's path into the PEO industry was anything but traditional.

As an undergraduate at West Virginia University, she originally envisioned a future in public relations and communications. While working at a local community bank, she later enrolled in the MBA and Leadership program at the University of Charleston, still unsure exactly where her career would lead.

Her father, who worked in the coal mining industry, repeatedly encouraged her to explore human resources.

"I've always been fascinated by people, relationships, and what drives both individuals and organizations to

succeed—and sometimes why they don't," Culicerto says. "I'm a people person, and I've always believed in going the extra mile to take care of people, both personally and professionally. I think anyone who knows me would say I'm very much a 'what you see is what you get' kind of person. I value authenticity, honesty, and building real relationships, and that's something I've carried into both my leadership style and the way we built AscendHR."

Breaking into HR, however, proved difficult. Many positions required HR certifications, but certifications required experience first.

"I worked as a bank teller while earning my MBA and continued working at the bank after graduating, all while hoping someone would give me a chance in HR," she recalls.

That opportunity came in 2015, when Jeff Mullins—the uncle of a fellow bank coworker—was expanding his West Virginia-based PEO and opening a second location in Beckley. Culicerto interviewed for the role but struggled through parts of the HR skills assessment. Instead of getting discouraged, she went home and researched every question she missed. In her follow-up thank-you note, she included the answers

and explained that while she lacked direct experience, she would make up for it with hard work, determination, and a willingness to learn. It worked.

Over the next several years, Culicerto immersed herself in the PEO industry, gaining a deep understanding of how each aspect of the business works together—from payroll and benefits administration to HR, compliance, risk management, and client service. Along the way, she learned from very skilled coworkers and strong leaders within the company, gaining valuable knowledge and perspective that helped shape both her leadership style and passion for the industry. She also discovered what she loved most about the industry: relationships.

At the PEO where she began her career, clients expected a high-touch experience and personal connection. That service model left a lasting impression.

When the company was acquired in 2019, Culicerto gained valuable insight into how business operations, culture, and decision-making can evolve as a smaller organization becomes part of a larger corporate structure. The experience provided a learning opportunity that helped shape her perspective on leadership, service, and company culture.

The experience ultimately helped shape the vision for AscendHR.

### BUILDING ASCENDHR

The years surrounding AscendHR's founding brought enormous personal and professional change and growth.

"The company I worked for was acquired, and navigating COVID, losing my brother, and becoming a mother completely reshaped my perspective," Culicerto explains. "I came to the decision

that it was time for a change, but I knew I wanted to stay within the PEO industry and continue supporting West Virginia employers in my home state while helping businesses and their employees."

As she explored her next career move, she was surprised to discover how few West Virginia-based PEOs existed.

"I couldn't find exactly what I was looking for, so I decided to create it myself," she says. "I remember talking to someone who told me to go all in and bet on myself—and that conversation stuck with me. It gave me the push to take the risk, trust my instincts, and build something that reflected the kind of company and culture I believed in."

Before launching her PEO, Culicerto sought guidance from industry experts and connected with industry veteran Jean Goldstein of PEO Advisory Services.



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Goldstein became both mentor and sounding board as Culicerto worked through financial models, operational planning, and the realities of starting a PEO from scratch.

“Looking back, we were a unique duo, a seasoned, fast-paced New Yorker with decades of PEO experience paired with a West Virginia entrepreneur determined to build something more. She was exactly what I needed at that stage of my life and business,” Culicerto says.

Then came the leap when AscendHR officially launched in 2021 thanks to generous support from Culicerto’s family.

“My parents took from their retirement to help us get started,” she says. “That’s a different kind of love and support that only parents can give. I’m incredibly grateful they believed in me and were willing to take that risk alongside me. At the same time, I understood the kind of pressure that came with that because I knew I couldn’t let them down.”

The early days were scrappy. A client who owned a Xerox company loaned the startup an old copier that only printed in black and white. Team members shared software accounts. Team members sat on the floor preparing folders and hand-labeling materials for the company’s first major implementation.

“We celebrated the small wins early on,” she says. “Everyone simply did whatever needed to be done. We kept a running goal list tied to the worksite employee count we knew we needed to hit as we grew the business. Every time we signed a new prospect, we would reduce the number on the paper in the hallway and get one step closer to the goal. Along the way, we’d also add things we hoped to accomplish for the company—whether that was finally getting a fancy copier or paving the parking lot. It allowed everyone to be part of the goal, not just see it from a distance but truly feel connected to it and proud of what we were building together. Those little

moments kept us motivated and reminded us how far we had come.”

### A WHITE GLOVE SERVICE PHILOSOPHY

Today, AscendHR differentiates itself through what Culicerto describes as a “white-glove” service model. While the company has continued to expand its geographic footprint—now holding dozens of PEO licenses and supporting businesses across the country—its core philosophy remains centered on accessibility, responsiveness, and personal relationships.

“At the end of the day, many PEOs can offer similar services,” Culicerto says. “What makes AscendHR different is how we deliver those services—and that starts with our team.”

That focus on relationships permeates throughout the organization. AscendHR employees, including Culicerto herself, will hand-deliver payroll checks when needed. They send baby gifts to clients welcoming newborns and celebrate birthdays and milestones with handwritten notes and small gestures designed to make clients feel valued.

“We try to be almost the Chewy of PEOs,” Culicerto jokes.

The approach seems to resonate. Since launching in 2021, AscendHR has experienced exceptionally strong client retention. Culicerto believes much of that success stems from hiring the right people who align with their mission.

“We can teach systems and processes, but we can’t teach someone to care,” she believes. “Relationships matter, but the true strength of a relationship really shows when things occasionally go wrong.



Tracy Culicerto and sons Louie (6) and Carmelo (3).

Anyone can be there when everything is easy, but trust is built in how you communicate, respond, and show up for people during the challenging moments. That’s where service, accountability, and relationships really matter most.”

That philosophy also influences AscendHR’s approach to growth and client relationships. Rather than targeting only one industry, the company serves a wide variety of businesses, including physician practices, coal mining operations, nonprofits, auto dealerships, and startups. More important than the industry itself is finding organizations that value collaboration, trust, and partnership. AscendHR evaluates not only whether a company is a good fit for the PEO model, but whether the relationship is the right fit for both sides. From the start, the company has operated with the belief that not every opportunity is the right opportunity.

### MOTHERHOOD, LEADERSHIP, AND THE POWER OF LEARNING TO DELEGATE

While building AscendHR, Culicerto was also building a family. Her first child was born in 2019, and her second son

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# PEO VOICES

arrived in 2022, shortly after the company officially launched. He was born on a Friday, and by Tuesday, Culicerto was back in the office. In the early days of business, she often brought her infant son to the office and even into meetings—something made possible by the strong support system surrounding her.

“Outside of my staff, I couldn’t do this without my parents, in-laws, and especially my husband. Having people around you who support you and step in when you need it most makes all the difference,” she says. “My husband has seen both the good and the tough sides of owning a business. He’s always supported me, but more importantly, he’s offered tough love when I needed it most—listening when things felt heavy, then reminding me when it was time to wipe my tears, get back up, and get after it.”

“I see it as a privilege to be a young female business owner and mother in the PEO space. It’s given me a level of empathy, resilience, and perspective that I might not have otherwise,” she adds. “There are also so many exceptional women in this industry, many of whom I’m honored to call friends and mentors.”

Managing both responsibilities simultaneously forced her to confront difficult questions about leadership, balance, and identity.

Like many entrepreneurs, Culicerto spent the company’s early years deep in the weeds of the business. She managed sales, operations, benefits, and client support while staying heavily involved in nearly every moving piece of the organization.

Over time, she realized that sustainable growth required trust, delegation, and strong leadership around her.

“If I’m the smartest person in the room, then I’ve failed as a leader,” she says. “I can’t say enough about our team at AscendHR. They are exceptional people who care deeply about our clients and each other. Their work ethic, intelligence, and heart constantly impress me. They motivate me, challenge me, and make me better every single day, and I’m incredibly grateful to build this company alongside them.”

That realization played a major role in shaping AscendHR’s internal culture. The company intentionally cross-trains employees so team members can support one another, grow professionally, and maintain better work-life balance. Culicerto also prioritizes servant leadership and accessibility, creating an environment where employees and clients alike have direct access to leadership.



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“We celebrate wins together, support each other through challenges, care about one another, and want to see each other succeed,” she explains. “There were days when my second born would be put down for a nap by one of our staff members so I could finish working on something in the office. That’s the kind of environment we built—one where people stepped in to help each other however they could. It was never just about building a business; it was about building a team that cared about one another and, in return, cared for our clients.”

At the same time, she remains candid about the realities of entrepreneurship—especially the demands, sacrifices, and responsibilities that come with owning and operating a PEO while raising young children and balancing the many roles and expectations tied to being a business owner, leader, wife, and mother.

“Like many women, I put a lot of pressure on myself to be everything to everyone all the time. I eventually had to come to terms with the fact that it simply wasn’t possible. There were moments when I was excelling in one area while falling short in another,” she says.

“If I was in an important meeting, I might miss a school luncheon. If I was coaching my son’s soccer team, I might not be able to respond to a client right away.”

The experience ultimately empowered her to define her own success.

“For a long time, I felt like I had to choose between being a great leader and being a great mom,” she says. “What I’ve learned is that you don’t have to have it all figured out all the time. You just do the best you can in the moment you’re in. I try to be present wherever I am, value my time, and focus on what I can control. If something is important enough for me to give it my time, then I want to give it my very best effort and attention.

“The time I do get to spend with my children, I try to make count. I make sure they know how much I love them, and I try to include them in what I do so they

understand why I work so hard and that we’re building something for their future. To help reinforce those lessons, every month we deposit money into their stock accounts and let them help pick stocks to invest in. We joke that they’ve built quite the portfolio—everything from Pepperidge Farm because of their love for Goldfish crackers to Disney, Mattel, and Amazon. We try to bring it full circle so they feel involved and can learn from it too. They even have a playroom at my office because I’ve always wanted them to feel like they are part of the journey.”

### DEEP ROOTS IN COMMUNITY

“There is a gas station company called Little General in West Virginia that has really inspired my perspective on giving back,” Culicerto says. “Anytime there is a community event, fundraiser, or organization in need, you usually do not have to look for them because they are already there supporting it. That mindset has always stuck with me since I was little and is something I try to carry into AscendHR as well.”

Community involvement remains another defining part of AscendHR’s identity. The company supports local chambers, nonprofits, sponsorships, schools, fundraisers, and civic organizations throughout West Virginia, often focusing on initiatives connected to employees, clients, and the communities they serve.

Some of the company’s efforts intentionally happen quietly behind the scenes, whether that means supporting local families, helping community organizations, donating resources, sponsoring events, or simply showing up when people need help.

“I’ve always been raised that you do things because it’s the right thing to do,” she says.

### LOOKING AHEAD

As AscendHR continues to grow, Culicerto remains focused on thoughtful

expansion. The company is evaluating additional service offerings while also exploring growth opportunities across neighboring states. At the same time, AscendHR is working through AI integration and evolving technology initiatives to stay aligned with the future of business, while remaining committed to the high-touch, relationship-driven service model the company was built on.

Still, the company remains grounded in the same principles that shaped AscendHR from the beginning.

Relationships matter. Service matters. Community matters. And perhaps most importantly, people matter.

“Business is personal,” Culicerto says. “At the end of the day, our goal is simple: make our clients’ lives easier and be a trusted, steady partner they can count on through every stage of their business.”

It’s a philosophy that continues to shape AscendHR—a company built on relationships, hard work, and genuinely taking care of people. What started as a vision fueled by grit, faith, and a willingness to bet on herself has grown into a team-driven organization the company is deeply proud of—one committed to showing up for clients and one another every single day. And as AscendHR continues to grow, that foundation—people first, relationships always—remains at the center of everything they do.

“A special shoutout to Kennedy, Charleigh, Chloe, Madison, Brooklyn, Miles, Addie, Jett, Cameron, Brandon, Caleb, Grant, Meredith, Garrett, Indie, Rory, Ayden, Aryanna, Alyzabeth, Austin, Derek, Meghan, Brian, Brittany, Brandon, Bryson, Bentley, Paisley, Chase, Briar, Kathryn, Genevieve, Nicholas, Miriam, Jacob, Chase, Seneca, Maddie, Layla—and Louie & Carm. Always.” ■



**CHRIS CHANEY**

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# 2026 PEO CAPITOL SUMMIT: ADVANCING OUR VOICE IN WASHINGTON

**A**nother PEO Capitol Summit is in the books! This year's event brought together nearly 200 industry leaders for several days of impactful conversations, timely PEO legal education and advocacy on behalf of the PEO industry.

Attendees heard a keynote address from Anna Palmer, founder and CEO of *Punchbowl News*, who shared DC insider perspectives on the evolving political landscape in Washington and what employers and business leaders can expect as Congress continues to navigate a busy legislative agenda.

Assistant U.S. Secretary of Labor for the Employee Benefits Security Administration (EBSA) Daniel Aronowitz also addressed the group. The session offered important insights into current regulatory priorities and enforcement trends affecting employers and employee benefits—information especially relevant to PEOs as the workplace and benefits landscape continues to evolve.

We were fortunate that Rep. Erin Houchin (R-IN) visited the group at the Library of Congress during PEO Advocacy Day to stress the important role that constituent meetings play in the public policy process.

A centerpiece of the event was our advocacy efforts on Capitol Hill. Attendees participated in approximately 100 meetings with Congressional offices, helping educate policymakers about the value PEOs bring to small and medium-sized businesses across the country. These meetings reinforced NAPEO's commitment to ensuring lawmakers understand the important role the industry plays in supporting business growth, workforce stability, and access to benefits.

Your continued momentum and engagement around NAPEO PAC was also on full display. The PAC appreciation event was one of the most energetic and well-attended gatherings of the week, bringing together supporters to celebrate

the industry's growing influence. Attendees also recognized a major milestone: NAPEO PAC has already set a new fundraising record for the year—with six months still remaining in the fundraising cycle. The achievement reflects the industry's strong commitment to advancing its voice in Washington.

Of course, the exceptional legal and regulatory education sessions focused on emerging compliance developments, workplace trends and policy issues affecting PEOs. These timely and informative sessions provided valuable takeaways for industry professionals.

NAPEO's 2026 PEO Capitol Summit once again demonstrated the strength, engagement and influence of the PEO industry, while reinforcing the importance of continued advocacy and collaboration in Washington. If you missed out, make sure to join us next year! Learn more at [napeo.org/events](https://napeo.org/events).











# PEOS IN THE COMMUNITY: E3 HR'S SPIRIT OF SERVICE

BY JAKE LEVINE

**A**t E3 HR, community engagement reflects the company's core values in action. Rooted in a strong, faith-based culture, the team is driven by a spirit of service, supporting individuals and organizations across its community.

These efforts include supporting JBWS, a domestic violence shelter, and Safe Harbor Ministries, a prisoner re-entry program that helps individuals transition back into society, reflecting the company's commitment to helping those navigating challenging life circumstances.

"We're always looking to help those in need whenever we can, including through these programs we love to support," says Ryan Schneider, sales representative at E3 HR.

Faith is an integral part of E3 HR's values and is embedded in its approach to community engagement. The company is involved with The Lumen Institute, a nonprofit that provides highly personalized formation for business executives and societal leaders. Focused on character, faith and leadership, the organization equips leaders to positively impact their businesses, families and communities.

"Our motto is 'spirit of service,' meaning we help because we want to, not because we want something in return," Ryan explains.

The company has also engaged in professional and personal development initiatives, including a collaboration with Rutgers University to host informative webinars. A past session focused on



*At E3 HR, community service is integrated into the company's values, creating a culture where giving back is a core part of the organization.*

artificial intelligence in the workplace. Offered at no cost, these webinars underscore E3 HR's commitment to sharing knowledge and resources with its broader community.

Beyond partnerships with impactful organizations, the company is also active in Summit, New Jersey, where it is headquartered. E3 HR has sponsored community events such as a summer movie night, which brought children together to watch "The Emoji Movie" in the park. It also sponsored a youth spelling bee that one of its employees' kids participated in.

"We were really excited about the local events, like the movie night. It's always great to give back to the community, especially to kids," Ryan says.

Community service at E3 HR is driven by a collaborative approach. Ryan explains that the company's Chief Operating Officer Gianna Sgroi stays up to date on what's happening in

the community and actively looks for new opportunities for staff to get involved. When she identifies an opportunity, she shares it with Ryan and his colleague Sophia, who then help spread the word across the office.

Even amid a busy time on the business side, E3 HR remains open to new opportunities to give back to its community.

"If something comes across that aligns with what we're looking to do, we'll absolutely jump on it," Ryan says.

At E3 HR, community service is integrated into the company's values, creating a culture where giving back is a core part of the organization. That culture is reflected in its employees, who not only engage in company-led initiatives but also take on volunteer work of their own.

For Ryan, helping the community means everything.

"It means the world. I've always tried to be the best person I can be, and these organizations give me the opportunity to go out and do that and help people. It's just a great feeling," he says.

That feeling reflects the spirit of service that continues to guide E3 HR into the future. ■



**JAKE LEVINE**

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# 4 THINGS PEOS SHOULD KNOW ABOUT THE NEW DOL JOINT EMPLOYER PROPOSAL

BY JOHN POLSON, ESQ.

**T**he Labor Department's recent proposed joint employer rule is welcome news for the PEO industry. That being said, you've received similar welcome news every other time the DOL went through this same exercise in the past, only to see the helpful guidance unwound by a new administration. Watching the joint employer rule evolve is like watching a very slow and long tennis match with a volley returned every four years. But while we have the benefit of a helpful rule, PEOs should incorporate the guidance into their risk management strategy. Here's a recap and a review of the four things all PEOs should know.

## QUICK RECAP OF NEW JOINT EMPLOYER PROPOSAL

The DOL's Wage and Hour Division released a proposal last month outlining

a four-factor test to determine when two businesses are liable as joint employers under the FLSA, FMLA, and MSPA. With no single factor being dispositive, the test considers whether a business hires or fires the employee; supervises and controls their work schedule or conditions of employment to a substantial degree; determines their rate and method of payment; and maintains their employment records.

The proposal largely mirrors a 2020 Trump administration rule that was subsequently blocked by a court and later rescinded under Biden, though this version places greater emphasis on actual control over merely reserved control which is helpful for the PEO industry.

## TOP 4 THINGS PEO LEADERS NEED TO KNOW

Here's a review of the top four things PEO leaders need to know about this proposal.

### The four-factor test plays well when it comes to how PEOs operate.

Three of the four factors in the new test favor PEOs, as long as your service agreements, policies, and practices are managed in a way that aligns with the factors. For example, while PEOs need the right to hire and terminate from the standpoint of onboarding and offboarding worksite employees, they generally do not make the decision for the customer. Similarly, PEOs don't supervise or control worksite employees to a substantial degree, or set their rate of pay, and it is important the PEO avoid the appearance of doing so.

The PEO's role in these things, or lack thereof, must be made very clear in the service agreement. Your other written materials also must align with the contract on these items.

Marketing related documents can be particularly thorny when it comes to keeping

these things in synch because, compared to a contract, they are so informal.

When trying to give a potential customer a brief list of helpful services provided by your PEO, it is very easy to accidentally give the impression the PEO is responsible for things it merely supports by offering tools or guidance to the customer. For example, your service agreement probably says that only the customer is responsible for deciding who is exempt from overtime, even though the PEO may provide guidance or tools for that subject. That is a very important provision. If the sales department's marketing-oriented list of services includes a vague reference to "exempt/non-exempt status" that can work against what the service agreement is trying to do.

Make sure your legal team reviews any marketing materials to make sure they don't inadvertently create exposure.

### The "reserved control" wrinkle shouldn't be overblown.

The proposed rule departs from the 2020 Trump administration standard in one notable way: it treats the mere right to control (even if never exercised) as relevant to the joint employer analysis. This is the provision that drew the most attention when the rule dropped, and it's worth understanding why it's there.

The new approach in the rule is likely there to enhance the ability of the rule to survive a challenge in court and not to actually expand joint employer liability. The 2020 rule's strict "actual control" standard was struck down in court, with the judge finding it conflicted with the FLSA. The new language hopefully fixes that problem, while practically speaking not significantly increasing the risk of joint liability. The proposed rule itself



*Three of the four factors in the new test favor PEOs, as long as your service agreements, policies, and practices are managed in a way that aligns with the factors.*

supports this directly, stating that actual control is "much more relevant" to the analysis than a mere reserved right.

### Common PEO services are expressly insulated from the analysis.

One of the most significant wins buried in the proposed rule is what it excludes. The DOL explicitly states that certain business practices, standing alone, do not make joint employer status more or less likely. That list reads like a PEO service menu:

- providing sample employee handbooks
- offering association health plans or association retirement plans
- providing health, safety, or legal compliance services
- supplying sample workplace policies like anti-harassment programs

The third bullet point is the most useful for PEOs since you often provide all of those services and adversaries often point to them as evidence of joint employer status. The two mentioning "sample" documents are not as helpful because PEOs may do more than just provide samples when they assist customers

with things like employee handbooks. But the factors will be helpful in that they acknowledge the difference between providing resources and controlling policy. The association health plan factor is inapplicable.

### State law remains the wildcard.

The proposed rule would establish a uniform federal standard for DOL enforcement under the FLSA, FMLA, and MSPA, which is a welcome upgrade from the current patchwork of circuit-by-circuit tests. But it doesn't preempt state law. California, New York, and several other states apply broader joint employer standards, and PEOs with worksite employees in those jurisdictions will need to continue navigating state-specific analysis.

### SOME STEPS PEOS SHOULD TAKE NOW

- Review service agreements to ensure they align with the proposed rule.
- Audit marketing and website content to ensure it aligns with the way the service agreement describes the PEO's responsibilities.
- Ensure legal counsel is familiar with the rule and how to use it in the PEO context, particularly in big-ticket cases like FLSA collective actions.
- Watch for the next version of the rule and adapt, again. ■

This article is designed to give general and timely information about the subjects covered. It is not intended as legal advice or assistance with individual problems. Readers should consult competent counsel of their own choosing about how the matters relate to their own affairs.



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# BEYOND TEMPERATURE CHECKS: NAVIGATING OSHA'S 2026 HEAT ILLNESS PREVENTION STANDARD AND EVOLVING VIEW OF WORKPLACE SAFETY

BY BRIAN L. MCDERMOTT, ESQ. AND SAMANTHA BARNFATHER, ESQ.

**T**he 2026 OSHA Federal Heat Illness Prevention Standard and the agency's growing focus on psychological safety signal a shift in how employers are expected to protect both the bodies and minds of their workforce.

OSHA is moving from a focus on physical hazards toward a framework that integrates psychological safety as a core component of overall workplace health. On April 10, 2026, ahead of the summer season, OSHA announced it was renewing its special enforcement focus on heat risks to workers with an updated National Emphasis Program (NEP).

For PEOs this means taking a more proactive, integrated role in helping client employers adapt policies, training, and compliance strategies to address both emerging heat related regulatory requirements and OSHA's broader expectations around psychological safety.

## 2026 HEAT PREVENTION STANDARD

OSHA issued a revised NEP addressing outdoor and indoor heat hazards, thus elevating heat-related safety to a permanent, high-priority enforcement initiative for at least five years, through 2031. The revised Heat NEP expands coverage to 55 high-risk industries, including construction, manufacturing, and a broad range of service sectors. Although 33 of these industries were included under the prior NEP, the 22 new industries emphasize warehousing, distribution, transportation, and delivery services.

The revised NEP streamlines and modernizes the program by removing outdated background material, updating hyperlinks, eliminating the prior numerical inspection target and restructuring guidance into two distinct appendices that focused on: (1) assessing employer heat illness prevention programs and (2) outlining citation criteria and enforcement guidance for compliance officers.

In its accompanying news release, OSHA stated that its compliance officers will continue to expand inspections when evidence of heat-related hazards is identified on designated heat priority days and will conduct random inspections targeting heat hazards in high-risk industries on days when the National Weather Service issues a heat advisory or warning.

Under the revised enforcement framework, OSHA inspectors are instructed to document the nexus between workplace operations and employee exposures, with specific attention to ambient conditions and work activities that present heat-related hazards. The NEP identifies a non-exhaustive list of potential abatement measures, including:

**Engineering controls** such as air conditioning, increased general ventilation, cooling fans, local exhaust ventilation, reflective shielding, insulation of hot surfaces, and repair of leaking steam sources.

**Administrative controls** such as providing shade, readily accessible cool drinking water, adequate rest breaks, job rotation or relief workers, and

scheduling physically demanding tasks during cooler periods.

**Longer-term planning measures**, including scheduling routine maintenance during cooler seasons.

OSHA's proposed heat stress rule, "Heat Injury and Illness Prevention in Outdoor and Indoor Work Settings," appeared on the agency's Spring 2025 Regulatory Agenda without a target date for finalization. Uncertainty over the timing and scope of the rule continues and significant revisions from its current proposal are likely. Meanwhile, OSHA remains committed to citing employers for heat-related hazards under OSHA's General Duty Clause.

An increasing recognition by OSHA of compounding risk factors (such as work intensity, staffing levels, and psychosocial stressors) that can heighten the likelihood and severity of heat-related illness is more apparent. OSHA may no longer view heat hazards in isolation, but as part of a more integrated approach to worker health and safety.

## PSYCHOLOGICAL SAFETY AND WORKPLACE CULTURE

OSHA increasingly characterizes psychological safety as an integral component of workplace risk management rather than a matter solely within the purview of human resources.

Regulatory agencies are paying closer attention to burnout, chronic job stress, and fear based work environments as conditions that may constitute workplace

hazards. This approach reflects a growing recognition that elevated stress levels and psychological insecurity can materially impair employee judgment and situational awareness, increasing the likelihood of physical accidents and safety violations.

Consistent with this expanded perspective, OSHA has aligned its enforcement and guidance strategies with frameworks such as the National Institute for Occupational Safety and Health's (NIOSH) *Total Worker Health*<sup>®</sup> program. The program expressly recognizes that mental, emotional, and social workplace conditions influence physical health and safety outcomes. Regulatory developments in 2026 further underscore this shift by introducing expectations for mental health and wellness training as part of a comprehensive safety program.

Such training initiatives emphasize early recognition of mental fatigue and burnout among coworkers, reduction of stigma associated with reporting personal stressors, and development of supervisory "soft skills" are necessary to distinguish between performance complaints and meaningful safety input. Employers are increasingly encouraged (sometimes, even expected) to identify and mitigate psychological risk factors that may lead to cognitive impairment and unsafe decision making, particularly in high hazard environments.

OSHA guidance highlights several areas of heightened concern, including:

- Workplace aggression and intimidation, which are viewed as deterrents to hazard reporting
- Excessive performance pressure arising from unrealistic production targets or workloads that incentivize circumvention of physical safeguards.
- Worker isolation, particularly in lone worker scenarios where psychological distress may delay or impede emergency responses.

Collectively, these developments signal OSHA's broader enforcement posture in which psychological conditions



*OSHA may no longer view heat hazards in isolation, but as part of a more integrated approach to worker health and safety.*

are evaluated alongside traditional physical hazards.

### STATE REGULATIONS

As of April 2026, a growing number of states have assumed leading roles in enforcing heat-illness prevention standards that sometimes exceed existing federal guidance. Five states are emerging as primary regulators in this area.

**California**, through Cal/OSHA, continues to serve as a national benchmark with longstanding requirements mandating access to water regardless of temperature and shade and rest periods are triggered at 80 degrees Fahrenheit for outdoor work. The state also instituted an indoor standard in 2024. Recent 2026 updates have expanded enforcement attention to indoor heat hazards, particularly in warehousing and production environments.

**Colorado** has also signaled a move toward more formal regulation through legislative consideration of the Extreme Temperatures Worker Protections Act (HB26-1272), which would formalize heat-exposure data collection and establish a framework for future rulemaking by late 2026. This was approved by the House on May 4, 2026. This measure was approved by the Colorado House on May 4, 2026.

**Oregon's** occupational safety and health administration similarly imposes prescriptive requirements, including the provision of at least 32 ounces of drinking water per employee per hour and access to shade when temperatures reach 80 degrees Fahrenheit.

**Washington's** Department of Labor and Industries enforces permanent, year-round heat rules, establishing a 52-degree Fahrenheit action level for employees wearing non-breathable personal protective equipment and an 80-degree threshold for other workers. At temperatures reaching 100 degrees Fahrenheit, Washington regulations require mandatory 15-minute rest breaks each hour.

At the same time, state-level initiatives are increasingly reframing psychological safety from an aspirational best practice to a legally cognizable workplace obligation. Several jurisdictions have introduced or enacted legislation directly addressing workplace abuse, mental health, and psychosocial risk factors. The proposed Workplace Psychological Safety Act, introduced in states such as Rhode Island (H7121), defines "psychological abuse" to include mentally provocative harassment that meaningfully impairs an employee's mental health. H7121 would require employers to conduct annual anonymous workplace climate surveys and report aggregated data to designated state agencies, implement formal policies and training addressing bullying and mobbing, and provide anti-retaliation protections and legal remedies for employees who report toxic work environments.

The California workplace violence prevention law (Labor Code 6401.9) under which threats of violence may constitute workplace violence and other state measures also underscore this trend. Washington law, effective Jan. 1, 2026, mandates use of panic buttons and targeted training for isolated or lone workers, reflecting heightened concern over the psychological stress and delayed emergency response risks associated with working alone in high-hazard settings. Maine has likewise enacted protections aimed at reducing psychosocial stress by prohibiting invasive

employee surveillance practices without prior notice beginning July 2026.

These developments indicate a broader state level regulatory movement toward integrating psychological safety considerations into enforceable occupational safety and health frameworks alongside traditional physical hazard controls.

### LOOKING AHEAD

For PEOs, the compliance challenge is amplified by the shared liability realities of the co-employment model in an increasingly aggressive enforcement environment. As OSHA expands its regulatory reach and raises maximum penalties (now, up to \$16,550 per serious violation and \$165,514 per willful violation) PEOs may be positioned as the primary compliance safeguard for their client companies.

To manage this risk, PEOs and their clients must adopt a proactive, integrated compliance strategy that continuously tracks federal and state developments, updates model policies and training programs, and supports clients with documented implementation of heat illness prevention and psychological safety measures. Enhanced auditing, supervisor education, employee reporting mechanisms, and clear allocation of compliance responsibilities are essential to mitigating enforcement exposure for the PEO and its clients.

As regulators increasingly evaluate workplace safety through a holistic lens, PEOs that embed physical and psychological risk controls into their operational frameworks with clients will be best positioned to manage co-employment liability, demonstrate

good faith compliance, and protect their clients in a heightened penalty and enforcement environment. ■

This article is designed to give general and timely information about the subjects covered. It is not intended as legal advice or assistance with individual problems. Readers should consult competent counsel of their own choosing about how the matters relate to their own affairs.



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# HR NEEDS MORE DAD JOKES: A WORK DAD'S CASE FOR HUMOR, CONNECTION AND GRACE IN THE PEO WORLD

BY KIRK DAVIS

**M**ost people do not come to HR on their best day. In the PEO environment, that truth is amplified.

Employees often experience HR as something distant—someone they do not work with daily, but someone who suddenly appears when something feels wrong. Client leaders, meanwhile, tend to reach out under pressure, often after a situation has already escalated. The call comes late. The tone is urgent. And everyone involved is scanning for risk.

In co-employment, HR is not just managing emotion; it is managing liability, credibility, and trust across

multiple relationships at once. That makes the way we show up—especially early—far more important than we often acknowledge.

This is why I believe HR, and particularly PEO HR, needs more dad jokes.

Not because professionalism should be replaced with levity, but because humanity is the fastest way to stabilize complex systems.

## WHY DAD JOKES MATTER IN A CO-EMPLOYMENT MODEL

Dad jokes are predictable, harmless, and universally understood. They are uncool by design. And that is precisely what makes them effective leadership tools.

In a PEO relationship, employees frequently see HR as the company behind the company. They are unsure how much power HR holds, how severe consequences might be, or whether raising a hand creates risk. Clients often carry a different anxiety: If I say this wrong, will I create a compliance issue?

A simple, safe moment of humor signals emotional steadiness. It communicates that the conversation is a process, not a confrontation. In a model built on shared responsibility and shared risk, that signal lowers the temperature before decisions are even discussed.

The goal is not laughter. The goal is equilibrium.

## THE UNIQUE REPUTATION CHALLENGE FOR PEO HR

PEO HR teams operate under pressures that traditional HR departments do not. We balance consistency across thousands of employees while customizing guidance for each client's culture and leadership maturity. We enforce standards while sustaining relationships. We document everything while still being expected to feel accessible.

The result is predictable: PEO HR is often experienced as the “policy authority” rather than the “people partner,” even when the latter is the intention.

When that perception takes hold, clients delay reaching out. Employees hesitate to speak candidly. Issues that could have been coached early arrive as formal complaints, urgent investigations, or regulatory exposure.

The cost is not just emotional. It is operational and financial.

## HUMOR AS A RISK REDUCTION TOOL

In PEO work, humor is often viewed as risky. Many HR professionals are understandably cautious, especially given the compliance environment. But appropriate humor—especially the mild, non-targeted awkwardness of a dad joke—is not a liability. It is a stabilizer.

Humor used well communicates three things quickly: the HR leader is human, emotionally regulated, and proportionate in response. That matters when clients are calling in a panic or when employees are bracing for discipline.

In my experience, regulated calm resolves issues faster than procedural urgency. Humor is one way to signal that calm without minimizing seriousness.



*A simple, safe moment of humor signals emotional steadiness. It communicates that the conversation is a process, not a confrontation.*

## A PEO MOMENT OF GRACE

An employee once raised an issue that immediately triggered concern on the client side. Leadership expected discipline. The employee expected termination. Both were already playing the end game in their heads.

Before addressing details, I made it clear that the conversation was exploratory, not punitive. I acknowledged the situation plainly, then used a light, neutral moment to reset the emotional tone. Nothing clever. Nothing pointed. Just enough humanity to slow the room down: HR may love documentation, but we still believe conversations come first.

There was a pause. Then a laugh. And then, crucially, more information.

Once the fear receded, facts emerged that had not been shared before. Context appeared. A coaching opportunity surfaced where a disciplinary approach had been assumed. The issue was addressed, the risk reduced, and both the client relationship and employee engagement were preserved.

That outcome was not accidental. It was the result of creating safety early—before positions hardened and documents multiplied.

## THE WORK DAD APPROACH IN THE PEO CONTEXT

I describe my leadership posture as work dad energy: steady, calm, and firm without being performative. In my world, that translates to resisting escalation for its own sake.

Calm is more effective than chaos when multiple stakeholders are involved. Coaching produces better long-term outcomes than “gotcha” enforcement, especially with clients who are still developing people leadership skills. Repair—of trust, behavior, or communication—beats reaction almost every time.

This approach does not dilute compliance. It improves it. People follow guidance more consistently when they do not feel shamed or rushed into defensiveness.

## WHY CONNECTION COMES BEFORE TRUST IN PEO PARTNERSHIPS

Trust is central to the PEO value proposition, yet it is rarely automatic. Clients need to believe HR understands their business realities. Employees need to believe HR will be fair across organizations they do not fully see.

## HR, EMPLOYMENT, & BENEFITS

Before trust exists, people look for safety. Before safety, they look for connection. And before connection, they look for grace.

People do not bring issues to PEO HR early unless they believe the first conversation will not immediately escalate into formal process. Humor—used carefully—signals that early conversations are not traps. That signal keeps issues small.

As I have joked more than once in tense conversations, “Let’s not skip to the final episode—we’re still in season one.” It gets a chuckle, but more importantly, it buys time for clarity.

### GRACE AS A SCALABLE PEO ADVANTAGE

Grace is not softness. In PEO HR, grace is a strategic advantage.

When employees believe mistakes lead to conversations rather than immediate discipline, reporting improves. When client leaders believe HR will coach before correctively documenting, they seek guidance earlier. Both behaviors reduce exposure.

Grace looks like curiosity before judgment, coaching before correction, and growth before fear. It creates consistency not through rigidity, but through engagement.

### WHAT DAD JOKES ULTIMATELY TEACH PEO HR

A dad joke introduces small, survivable awkwardness. It models imperfection without threat. It tells people they can speak before the situation forces a formal process.

A dad joke risks being uncool so someone else does not risk being silent.

In a co-employment environment, that willingness is leadership.

PEO HR does not need to be feared to be effective. It needs to be trusted across distance, complexity, and pressure. And sometimes that trust begins with a small, human signal that says, we can handle this together.

Or, as one final dad joke puts it: Why did HR bring a ladder to work? Because we are trying to raise the standard—without falling off the roof. ■



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# DELIVERING IMPACT THROUGH ABSENCE MANAGEMENT: HOW PEOs CAN HELP SIMPLIFY LEAVE, STRENGTHEN COMPLIANCE AND IMPROVE THE WORKSITE EMPLOYEE EXPERIENCE

BY DORENE SOAVE



**A**bsence management has become a core operational consideration for PEOs and the worksites they support. As paid leave laws continue to expand at the state and local levels at the same time as workforces become increasingly distributed, leave administration requires greater coordination, accuracy, and oversight. Nearly seven in ten worksites say keeping up with state and local leave laws is now their top absence related challenge.

When paid leave and absence programs are thoughtfully designed and maintained, PEOs can help worksites navigate regulatory requirements with greater confidence while also supporting a more positive, consistent experience for their employees—ultimately reinforcing the PEO's role as a long-term strategic collaborator.

## REGULATORY COMPLEXITY AND THE OPPORTUNITY TO REDUCE RISK

The US leave landscape continues to evolve, combining federal programs such as the Family and Medical Leave Act (FMLA) with a growing number of state and local paid family and medical leave (PFML) laws, disability mandates, and

private plan options. More than 60% of worksites have employees working in states with paid leave legislation, increasing the importance of consistent administration, particularly for organizations operating across multiple jurisdictions.

Disconnected systems and unclear processes make it harder to determine eligibility, manage overlapping leave types, and comply with regulatory requirements, increasing the likelihood of missed obligations that could lead to financial penalties, retroactive corrections, and added administrative burden for both PEOs and the worksites they support.

What's more, if that complexity is left to the worksites PEOs are meant to support, it can divert attention from their core business and weaken the value of the PEO relationship. Modern, well aligned absence management approaches help PEOs retain ownership of compliance, reduce administrative friction, and provide the consistent oversight worksites expect.

The worksite employee experience is closely linked to this effort. While nearly 80% of worksites believe they provide a strong leave experience, only one in three worksite employees say their leave went

very smoothly. Clear intake processes, transparent timelines, and consistent communication can make a meaningful difference. Worksite employees who report a positive leave experience are also 75% more likely to stay with their employer for five years or more, reinforcing the connection between effective absence management and longer term workforce stability.

## TECHNOLOGY AS A FOUNDATION FOR MODERN ABSENCE MANAGEMENT

As leave requirements become more complex, technology plays a central role in helping PEOs manage absence consistently and at scale. Centralized, integrated platforms can replace manual workflows with more automated processes, supporting greater accuracy, efficiency, and visibility.

When absence benefits and the systems that support them are designed to work together, it becomes easier to align data, workflows, and communications across the leave experience. Integrated approaches can support a single intake across leave types, helping reduce administrative complexity for worksite administrators and employees alike.

Automation can also enable stronger

data protection practices. System to system data exchange reduces manual handling, helping limit exposure of sensitive personal health and personally identifiable information. As regulations continue to evolve, platforms that support timely updates can help PEOs and worksites stay current without relying on reactive, one off adjustments.

### OPERATIONALIZING FOR SUCCESS AT SCALE

Consistency is a critical component of effective absence management, but it must be delivered in a way that aligns with how PEOs operate. Because PEO structures vary, absence solutions need to support different administrative models, whether leave is managed centrally at the PEO level or configured to support individual worksites. Flexible setup options allow PEOs to administer coverage in a way that fits their business model while maintaining compliance and clarity for worksites.

Regular maintenance that goes beyond initial implementation is also essential. Worksites may join or leave plans over time, and worksite employee relocations or new worksite locations can trigger additional state requirements. Dedicated implementation and ongoing support resources can help PEOs adapt to these changes while maintaining continuity and compliance.

Robust reporting can further strengthen this effort. Visibility into where worksite employees are located can help surface new regulatory obligations earlier, especially when worksites expand into new states. Reporting that supports differing state specific requirements can also simplify administration for both PEOs and worksites, reducing the need for manual tracking and follow up.



*Modern, well aligned absence management approaches help PEOs retain ownership of compliance, reduce administrative friction, and provide the consistent oversight worksites expect.*

### SUPPORTING INDIVIDUALS THROUGH MEANINGFUL MOMENTS

When routine tasks such as intake, eligibility checks, data updates, and coordination across leave types are streamlined, PEO teams and worksite administrators can be better positioned to focus on high value, human support. This might include guiding worksite employees through complex situations, answering nuanced questions, and providing reassurance during periods of transition, such as managing a serious illness, caring for a family member, or preparing to return to work.

This human centered approach reinforces the role PEOs play as trusted collaborators, supporting both operational needs and the worksite employee experience.

### CHARTING A PATH FORWARD

With an enhanced understanding of the role strong absence management capabilities can play in managing risk for worksites, the next step for PEOs is taking stock of current systems and where gaps may exist. Start by considering a few key questions, such as:

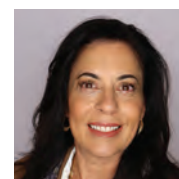
- Does the current solution support administration of state paid leave in a way that aligns with current regulatory requirements?
- How flexible are setup options, and can coverage be configured at the PEO and/or individual worksite level?
- What support is available for ongoing maintenance as worksites join or leave plans or worksite employee locations change?
- What reporting helps identify where worksite employees are located and proactively surface new compliance considerations?
- How are state specific reporting requirements supported across jurisdictions?

### DELIVERING RISK MITIGATION THROUGH ABSENCE MANAGEMENT

As the leave landscape continues to evolve alongside regulatory changes and rising employee expectations, working with carriers that understand what an absence platform should look like for PEOs and how it should be administered can help PEOs streamline workflows, strengthen compliance, and adapt more effectively to ongoing change.

When absence administration is treated as a core element of risk management, PEOs can be better positioned to reduce complexity for worksites, support a more consistent worksite employee experience, and reinforce their role as long term strategic collaborator.

Get started today. ■



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# HOW PEO TEAMS ARE USING AI WITHOUT LOSING THE HUMAN TOUCH

BY JAGANNATH PUTREVVU

**I**t is 8.30 AM on a Tuesday morning. A payroll specialist is logging into a state tax portal for the 50th time that month. On the same floor, an onboarding specialist is preparing to spend hours re-keying employee data from one system to another.

None of this work is strategic. But all of it is necessary, deadline-driven, and it is tied directly to compliance.

For many PEO operations teams, the largest barrier to profitable growth is not a lack of expertise. It is the amount of repetitive, rules-based work sitting underneath a high-touch servicing model. As worksite employee counts continue to grow, experienced teams can end up spending more time in portals, spreadsheets, and notice queues, instead of the parts of the job where customer service actually matters.

This is where AI is starting to matter in a practical way. And to be clear, the AI doing the work here isn't the chat-and-text-generation kind people first think of, like the ChatGPT-style assistant that drafts an email or summarizes a document. It's process automation: AI agents that have been trained specifically to log into state portals, move data between payroll and

HRIS systems, and carry out the multi-step operational workflows a specialist would otherwise run by hand. AI today isn't just a chatbot. Years of training on real operational tasks means it can actually do the work, not just answer questions you could Google.

Companies in PEO and payroll services have already started using AI in back-office operations. The impact is starting to show up, but in very specific areas. AI is not replacing the entire client relationship in itself, nor as a black box that is making decisions nobody can explain. The most useful applications showing up in PEO operations today are narrower and more concrete. Teams are using AI to reduce manual effort in repetitive workflows so specialists can spend more time on exceptions, approvals, and client support.

In the relationship business, this distinction matters. The goal is not to replace the human side of the work. It is to reduce the repetitive operational work around it, so teams can spend more time where judgment and client service matter most.

## WORK THAT HIDES IN PLAIN SIGHT

Among conversations with payroll

operations leaders, the same frustrations come up again and again.

An operations leader at a mid-market HR platform put it this way. *"Every single team within operations needs to do something within a web portal. And that's been a big blocker to unlocking capacity."*

A head of payroll operations at another PEO described the pressure even more directly. *"The volume of work outpaces the amount of people that are able to do it. This happens really quickly."*

These are not futuristic AI use cases. They are familiar operational realities like document verification, compliance work that is heavy on portals, tax notice processing, client onboarding and data migration.

The real question for PEO leaders is not whether they should use AI. It is about which workflows are ideal candidates for automation, and those that still need a human pair of eyes and hands.

## WHAT MAKES A WORKFLOW SUITABLE FOR AUTOMATION?

AI can support a wide range of workflows today. But for most PEOs, the best place to start is not with the most complex process. It is with work that is repetitive,

time-consuming, and structured enough to review with confidence.

In practice, that usually means workflows with clear standard operating procedures, high volume, multiple systems, and outputs that can be checked quickly by a specialist. Good early candidates often include notice intake, onboarding validation, document collection, registration follow-up, and cross-system reconciliation. These may not be the most visible parts of service, but they are often among the most operationally demanding.

The most effective model in a regulated environment is straightforward: let AI handle the repetitive execution, while people remain responsible for judgment, exceptions, and final approval.

That is starting to show up in three areas in particular.

### 1. Client Onboarding and Data Migration

Onboarding is one of the clearest sources of operational friction because it shapes the client's first real experience with the PEO.

Moving a new client from one system into another often requires teams to pull source reports, map fields, reconcile discrepancies, and validate employee and tax data by hand. Even for relatively small client groups, the work can stretch across multiple days.

AI is beginning to help by extracting source data, mapping it into the destination format, flagging inconsistencies, and staging the migration for review. The specialist still steps in to resolve edge cases, verify mismatches, and approve the final import. The result is a faster onboarding process without lowering the standard of review, and a cleaner first impression for the client.

### 2. Tax Notice Processing and Triage

Tax notices create a different kind of bottleneck because the work is fragmented before it even begins. Notices may arrive by email, support ticket, or scanned mail.

From there, someone has to identify the notice type, match it to the right client, gather the relevant records, and assemble the right response.

AI can help by pulling notices in from multiple channels, classifying them, extracting key information, and assembling a draft response package for review. A specialist still determines how the notice should be handled and confirms that the supporting information is correct. The difference is that experienced team members spend less time on intake and assembly, and more time on the decision itself.

### 3. State Portal Filing and Compliance Support

Compliance work remains one of the most manual parts of PEO operations, especially when teams have to work across dozens of state portals with different login flows, layouts, and filing requirements.

This is where traditional automation has often struggled. A hard-coded script may work for a period of time, then break as soon as a portal changes its interface. AI-based process automation is proving more resilient in these environments because it can navigate the portal, extract the required information, map data into the state's format, and prepare the filing package for review.

The key point is that the final accountability does not move. Before anything is submitted, a specialist still reviews the filing, checks the mapped values, and approves the submission. Instead of spending most of their time logging in and re-entering data, they can focus on validation and sign-off.

### WHAT SHOULD ACTUALLY STAY HUMAN

One of the most useful ways to think about AI in PEO operations is not what to automate, but what to protect.

State portal navigation, notice intake, repetitive document handling, and data mapping are proving to be strong candidates for automation. Client



*One of the most useful ways to think about AI in PEO operations is not what to automate, but what to protect.*

relationship calls, sensitive employee matters, compliance approvals, and judgment calls on edge cases are not.

Companies getting the most value are identifying the work that should never have required a human decision in the first place. Instead, they are automating that layer, and preserving human review at the precise points where trust matters the most.

It is also what makes these workflows more usable in practice. The system can handle the repetitive steps, but the team still controls the outcomes. In a compliance-heavy environment, the approval point is not just a safeguard. It is part of the trust architecture.

### THE REAL OPPORTUNITY

The strongest lesson from early operational use—cases is simple—the automation that works in PEO operations is not the kind that replaces human judgment. It is the kind that routes human judgment to exactly the moments where it matters the most.

In a business built on service, trust, and responsiveness, this is the real standard that truly matters. AI should not reduce the human side of the PEO model. It should remove enough administrative friction to make more room for it. ■



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# UPDATES AND INSIGHTS ON THE WORKERS' COMP. MARKET

BY FRANK HUANG

**W**hile it's hard to imagine we're halfway into 2026, it's not hard to imagine how the insurance market continues to shift with or without our noticing. In this article, we'll discuss rate indications, key trends, and strategic considerations to help you prepare for what's ahead. I'll also do something a little different by calling-out my most recent predilections and seeing which were right and which were way off.

## RATE INDICATIONS: A NEW TRAJECTORY?

In my last article from March 2025, I projected that rate indications in WC would continue to decrease. As of last year, WC had been in a soft market and decade-plus run of profitability so it was hard to bet against a change. All states known at that time were still announcing rate decreases in the 2%-7% range although Washington announced a 3.8% increase that January. Frequency continued its decline or remain flat while severity continued to increase.

And yet, whether my desire to hedge and/or provide a fuller picture, I noted that medical costs spiked temporarily at the beginning of 2024 only to return to a lower average soon thereafter, and financial markets were still unstable which might hamper the already low investment return and thus impact pretax operating gain.

Fast forward to present day, and the national picture looks largely the same. WC continues to be one of the most stable commercial lines, with the latest NCCI State of the Line analysis (published May

2025) showing a continued 86% industry wide net combined ratio, with prior accident years still seeing downward reserve development. And yet, a number of states have reported rate increases. California, which we'll discuss separately in the sections to follow, announced an 8.7% increase in advisory pure premium rates effective 9/1/2025 and again recommends a similar magnitude increase effective 9/1/2026. Nevada proposed a 21.9% increase in loss costs effective 3/1/2026 after a smaller 6.5% increase effective 3/1/2025. And states like New Jersey—though not announcing increases—are announcing decreases smaller in magnitude than prior years. What is driving these changes? The answer lies not with frequency but severity.

NCCI reported that frequency was still declining consistent with the past two decades but lost-time indemnity claim severity was projected to increase 6% to roughly \$30K, the highest in the last two decades; medical severity also increased 6%. Wage growth and rising benefits are driving the indemnity side of lost-time claims while medical costs are being driven by higher utilization, physical medical, and medical supplies such that medical costs now make up the largest share of a WC claim (interestingly, that percentage is slightly over 50% for all claims but increases as the size of claim increases).

California presents an interesting study and a return to some familiar figures. In addition to rising medical costs, California has been reporting and

continues to report a large increase in cumulative trauma (CT) claims. The prevalence of CT claims is unique to California due to its low burden of proof—requiring only a 1% causation threshold—and the ability for CT claims to be filed post-termination or layoff. Pair this with a large industry advertising for attorney representation, and it is no wonder that 70% of CT claims involve attorneys compared to 21% for non-CT claims.



*California announced an 8.7% increase in advisory pure premium rates effective 9/1/2025 and again recommends a similar magnitude increase effective 9/1/2026.*

How this plays out in reality is interesting. With legitimate CT claims, the cost can be multiples of a similar claim, due to said litigation, more complex medical evidence, and thus lengthier claim durations. And yet, of note is that CT claim frequency tends to increase during economic downturns. The conventional understanding is that California may be subject to greater reporting of less complex CT claims when the economy seems most uncertain. In these cases, CT claims may ultimately settle for at or less than the average severity of the broader book.

What this looks like in any particular risk base may vary considerably. In some cases, California frequency and severity may increase due to the disproportionate

impact of CT claims. In others, California frequency may temporarily jump but soon return to more normal levels for the same accident year, with little to no impact on average severity.

**NEXT STEPS**

What can an employer and/or risk taker do to get ahead of a potential hardening WC market and/or focus on CA CT claims?

**AI.** AI has made significant strides in the claims management process and SIU, able to cogently process piles of segmented information into a cohesive timeline and story—perfect for those looking to identify potential large risks and thus focus on better serving injured workers.

**Actuarial.** Have more frequent discussions and evaluations of your risk program, focusing in on specific concerns. Talk to your actuary about shorter or mini-studies that can help you better monitor trends without ponying up for full actuarial analyses. And check your own actuarial reports to ensure your actuary is properly reflecting the changes in the current WC environment.

**Partner Communication.** What AI cannot do is gather your vendor partners together and work better together. Consider meeting monthly or some regular cadence to share insights and execution until the worst is over. ■



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# SHAPING TRUST IN THE AI BUYER JOURNEY: FROM VISIBLE TO RECOMMENDED

PART THREE OF A THREE-PART LOOK AT HOW AI  
IS RESHAPING THE PEO BUYER JOURNEY

BY AMANDA ORTEGA

**H**ere's a number worth sitting with: 94% of B2B buyers now use large language models (LLMs) during their purchase journey. Think ChatGPT, the tools that answer questions in plain language instead of returning a list of links. At the same time, only 11% of B2B brands have the majority of their content ready for AI discovery. The gap between your current content and how buyers are actually researching is where business growth is being won and lost right now.

This is the third article in a series examining how AI search is reshaping the PEO buyer journey and what leaders can do about it. The first two covered clarity and

consistency of message: what makes you readable and interpretable by machines. This one closes the framework: why going deep on trust indicators can make you not only readable but recommended. In a category as notorious for parity as PEO, a strategy for standing out is no longer optional.

A quick recap of what the first two articles established:

**Clarity** is the entry point. Broad positioning like “full-service” or “end-to-end solutions” gives AI tools almost nothing to work with. Specific language about who you serve and where your expertise is most relevant to your audience is what gets you recognized in the right AI-generated answers.

**Consistency** is what makes clarity stick. AI systems pull signals from every place your brand appears online: your website, social profiles, third-party directories, review platforms. When your message aligns across those sources, AI tools can interpret your positioning with confidence. When your website says one thing, your LinkedIn says another, and your directory listings are two years out of date, you become harder to place and easier to skip.

Together, clarity and consistency determine whether you earn a place in the employer's consideration set. But in a category where most PEOs offer a similar menu of services, being in the

consideration set is just the beginning. The real opportunity is getting recommended. That requires building the kind of trust that AI tools treat as validation.

**ADDRESS YOUR BUYER'S CHALLENGES IN THEIR LANGUAGE**

AI tools match content to the vocabulary of the question being asked, and buyers ask questions in the language of their world, not yours.

A healthcare practice administrator isn't searching for "comprehensive PEO solutions for the healthcare vertical." She's asking: "How do I manage HR compliance for a medical practice with locations in

multiple states?" A construction company owner isn't looking for "workforce management for the trades." He's asking: "What's the best way to handle workers' comp and payroll for a crew that works across job sites?"

When there's a mismatch between how your buyers ask and how your content answers, the connection misfires. The fix is a shift in perspective: lead with their problem, in their words, before you ever mention your solution.

**DEMONSTRATE PROFICIENCY IN THEIR PAIN POINTS**

Speaking your buyer's language helps

you gain visibility. Depth of expertise in their industry and challenges tells AI systems you're a good fit.

AI tools weigh demonstrated depth as a proxy for expertise. A provider who only has healthcare listed as a vertical on their website loses out to the provider with a full healthcare page that walks through the specific compliance obligations, turnover pressures, and benefits complexity that healthcare operators actually navigate. To LLMs, the second provider has clearly done this work before.

The approach I recommend.

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- The workforce and compliance challenges specific to that industry
- The HR questions employers in that space ask most often
- Where PEO arrangements solve problems that are otherwise hard to manage alone
- What a typical engagement looks like for an employer in that situation
- Common concerns or misconceptions, answered honestly

**FAQs written for your buyer.** Most PEO websites answer questions about their products and services. That's a fine start, but you also need the questions your actual buyers ask when they're in market. Think: "Do I lose control of my employees if I use a PEO?" or "What happens to my benefits if my headcount drops?" An FAQ that answers those questions clearly does two things: it shows AI tools you understand the buyer's world, and it gives them ready-made answers to pull from. That's industry depth and buyer fluency working together.

Each piece of content that goes one level deeper than description is another credibility signal AI tools can interpret and use.

## BUILD TRUST THROUGH THIRD-PARTY VALIDATION

Here is where many PEOs are making a costly mistake, investing in PR and treating it as trust-building without knowing how AI parses promotion from proof. Both matter, but they work in distinct ways. Most PR efforts build awareness and get you into the conversation. Association with select trusted sources and third-party validation signal AI to recommend you in search. In the AI world, credibility isn't perceived like it is for humans. It's assessed by an unemotional algorithm.



*AI tools match content to the vocabulary of the question being asked, and buyers ask questions in the language of their world, not yours.*

AI systems weigh trust signals above most other content formats. Here's a good list of ways to begin establishing trust with AI systems:

**Industry communities and peer platforms.** Reddit, especially industry-specific communities where professionals ask each other for vendor recommendations, carries significant weight. LinkedIn recommendations, comments, and organic mentions function similarly, real people describing real experiences, independent from the vendor.

**Third-party review platforms.** G2, Capterra, Glassdoor, BBB, and Clutch provide structured, independently verified feedback. These platforms exist specifically to give buyers a trusted outside view, and AI tools know it.

**Publications your buyer already trusts.** Coverage in a healthcare industry publication, a construction trade journal, or a professional services business press reaches your buyer where they already go for information, and carries more weight with an AI tool than a mention in an HCM trade.

**Certifications and recognized designations.** IRS Certified PEO status, ESAC accreditation, Napeo membership, BBB accreditation, and Chamber of Commerce affiliations are signals AI tools

recognize as third-party validation. They belong prominently on your website and should appear consistently wherever your brand is described online.

### **On-site third-party voices.**

A testimonial that says "Great company to work with" tells an AI tool very little. A testimonial from a named HR director at a healthcare company that describes a specific compliance challenge and how it was resolved tells a story that validates expertise. The more specific, the more credible.

## WHAT THIS MEANS FOR GROWTH

AI tools typically cite three to four brands per response. The vendors in those answers are shaping the buyer's shortlist before any sales conversation begins, and the vendor ranked first wins approximately 80% of the time.

Most of the employers you want to reach are already doing AI-assisted research. Most PEOs haven't yet built the buyer-language content, industry depth, or third-party trust ecosystem that earns recommendations. The standards in this category haven't hardened yet. The PEOs that move now will enjoy an early lead.

## WHAT TO DO NEXT: TURNING ADVICE INTO ACTION

Here is your roadmap for becoming not only AI-visible but AI-referred. In a competitive market with high stakes like PEO, being trusted and recommended by AI systems will become key to growth.

**Rewrite for your buyer's vocabulary.** Audit your highest-traffic pages. Where you're using industry language your buyers don't use, shift to buyer language and lead with their problem before your solution.

**Invest in industry page depth.** Pick the one or two verticals where you win most consistently and build pages that go deep. Make them long enough to

be genuinely useful. Again, build content from the buyer's point of view.

**Build an FAQ that earns its place.**

Review your existing FAQ against the questions your sales team actually hears. Replace generic questions with buyer-specific ones. If a prospect has asked it in a sales conversation, it belongs in your FAQ.

**Audit your third-party presence.**

Check your listings on G2, Capterra, BBB, Clutch, and relevant industry directories. Make sure they're accurate, current, and consistent. Encourage satisfied clients to leave specific, detailed reviews.

**Seek coverage in your buyer's publications.** Identify two or three publications your target buyers read for industry news and pursue editorial opportunities there.

**Make your on-site testimonials earn their place.** Replace generic praise

with specific, named client stories that describe a real situation and a real outcome. If you don't have those yet, your next client conversation is a good place to start.

### THE AI-ERA GROWTH FRAMEWORK, COMPLETE

Over this series, we've built a three-part structure for growth in an AI-shaped buying environment:

**Clarity** gives AI tools what they need to understand what you do and who you serve. Without it, you don't get recognized.

**Consistency** gives AI tools what they need to trust that your message is reliable. Without it, you don't stay in consideration.

**Trust** built through buyer-relevant language, demonstrated expertise, and

third-party validation, gives AI tools what they need to recommend you over a competitor. Without it, you might be visible in AI search but not preferred.

For PEOs, this framework addresses one of the category's oldest challenges: differentiating in a space where services look similar and buyers arrive with urgent need and limited understanding. The difference between providers can be hard to see from the outside. Being the PEO that made it easy for algorithms to understand can be the difference between being ignored and being chosen. ■



**AMANDA ORTEGA**

*Director of Strategy  
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# STRUCTURAL PROFIT EXPANSION: REWRITING THE ECONOMICS OF THE PEO CLIENT BASE

BY MATT CLAUS, DAN MCHENRY, AND ERICA WHYMAN

**T**here is a quiet reality embedded within many PEOs that rarely gets addressed directly: it is not uncommon for a meaningful portion of the client portfolio to be either marginally profitable or actively eroding enterprise value. This is not necessarily the result of a flawed business model. More often, it is the result of incomplete visibility into the true economics of the book of business.

Structural profit expansion is based on the process of identifying and correcting these imbalances in a systematic and measurable way. It is not simply a broad pricing initiative or an abstract data analytics exercise. Rather, it is a deliberate strategy focused on specific tactical elements aimed at leveraging targeted data sets and pricing architecture to fundamentally reshape the economic profile of the portfolio.

At its core, the issue is not access to data. Most PEOs possess vast amounts of data related to claims, payroll, industry mix, retention, and growth trends. However, that information is often aggregated at levels that obscure the true drivers of profitability. Portfolio averages conceal dispersion. High-performing accounts frequently subsidize underperforming relationships. Two clients with similar employee counts, payroll levels, and pricing structures can generate dramatically different economic outcomes due to pricing model limitations,

deteriorating claims performance, or introduce operational complexity that was never properly reflected in pricing. On the surface, any two clients may appear similar, healthy and contributing to our growth but in reality, they may require remediation strategies *once data is used* to understand profit performance at a deeper level.

The transformation begins with a methodology of breaking down core data—specifically, isolating the variables that directly influence margin performance. This requires analyzing the book at a far more granular level within chosen segments such as wage mix, client size, geography, BD origin, industry segment, year of origin, claim trends within specific client segments and quantifying the true cost-to-serve across the portfolio...to name a few. We call this a stratification analysis. When executed correctly, the result is a significantly clearer understanding of profitability at the individual client level—not estimated, generalized, or inferred, but data-driven and highly actionable.

Once a PEO identifies underperforming segments of the business—often a surprisingly large percentage—it gains the ability to take highly targeted corrective action. In some situations, this may involve repricing accounts at renewal. In others, it may require restructuring service delivery models, implementing underwriting protocols, or redesigning contract structures to better align risk and reward.

Occasionally, it may require the deliberate decision to exit relationships that cannot be economically realigned.

These decisions are not always easy. Clients may resist pricing adjustments. Sales teams may push back against stricter underwriting discipline. Leadership may worry about short-term revenue disruption or retention pressure. However, the alternative is continuing to operate with a structurally diluted portfolio, where top line growth masks underlying inefficiencies and profitability remains inconsistent.



*Structural profit expansion is based on the process of identifying and correcting these imbalances in a systematic and measurable way.*

When change occurs, the outcomes are significant. Margins expand not through indiscriminate price increases, but through precision and alignment. Earnings quality improves as the relationship between risk, pricing, and service delivery becomes more connected. Most importantly, management regains control over the economic direction of the portfolio.

This dynamic has become increasingly important in today's market environment, particularly from a valuation and investor perspective. Buyers and investors are placing greater emphasis not simply on revenue growth, but on the durability, predictability, and quality of EBITDA. Structural profit expansion strengthens both profitability and long term enterprise value.

Ultimately, structural profit expansion is about alignment: aligning data with decision-making, aligning underwriting discipline with strategic objectives, and aligning pricing with the actual value and risk embedded within each client relationship. In doing so, the PEO transforms its book of business from a loosely managed collection of accounts into a deliberately constructed, economically structured portfolio. For most PEOs, this opportunity already exists within the clients they serve today and firms that take action can materially improve profitability, enhance valuation, and gain greater control over the long-term direction of the business.

Make more money. Keep more money. You have earned it. ■



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# AD INDEX

AmWINS Specialty Casualty Solutions, LLC.....	44	PEO Velocity by Compass/PRM .....	8	SouthState Bank NA .....	52
Enterprise HR.....	58	Poster Guard Plus .....	68	Tabulera, Inc. ....	60
Guardian Life Insurance Company .....	33	PrismHR.....	6	ThinkWare Corporation .....	67
Innovation Growth Partners Specialty, LLC .....	64	PRO Software, LLC .....	35	UKG .....	49
Key Risk (a Berkley Company) .....	36	Selerix .....	62		
Gallagher/Libertate Insurance Services .....	10	Slavic401k .....	2 and 3		

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TO THE MOST INFLUENTIAL AUDIENCE IN THE INDUSTRY.**

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If you haven't reserved your booth or sponsorship placement for NAPEO's Annual Conference & Marketplace, now is the time. Contact Nancy Benoudiz, Vice President of Membership Development at [nbenoudiz@napeo.org](mailto:nbenoudiz@napeo.org) for more information.

# HALFTIME REPORT

BY CASEY M. CLARK

**A**t the beginning of the year, I wrote that we were focused on “moving the chains.” While there’s a lot we continue to plug away on, we’ve already put some points on the board.

Our advocacy efforts continue to gain traction in Washington and across the states which many of you support by meeting with officials, submitting letters and contributing to NAPEO PAC (with 6 months left in the year, the 2025-2026 cycle is already NAPEO PAC’s strongest ever). Your support and involvement make a difference.

This was on full display a few weeks ago during PEO Capitol Summit when we held more than 100 meetings (a NAPEO record) with Congressional offices.

Connecting industry constituents directly with policymakers is a key part of our strategy to elevate the visibility of the PEO industry, and anyone who participated last month could feel it working.

NAPEO’s sustained focus on IRS modernization and ERTC processing has elevated these issues among policymakers and regulators. Government reports released earlier this year validated many of the concerns our industry has raised for years, underscoring the credibility and effectiveness of our advocacy strategy.

Importantly, we now have a standing monthly meeting with IRS officials overseeing ERTC processing. Since the first meeting, nearly 20 additional processors have been added to the team and we’re seeing meaningful drops in the backlog. There remains more work ahead, but we’re moving in the right direction.

To further assist NAPEO members with ERTC-related issues, we developed a guide on how to engage your elected representatives in what they call “Congressional casework.” I know a few companies have already had positive results after contacting their representatives. While Members of Congress cannot force an outcome or resolution, inquiries from Congressional offices will receive attention and consideration from IRS officials.

We’ve also continued building support for H.R. 3223 to ensure that liability for payroll tax credits belongs with the entity who benefits from the claim. While the legislative process in Washington is rarely linear, we remain focused on growing support and moving the legislation across the finish line.

We also have a lot of irons in the fire in state capitals across the country. Our efforts to pass legislation in Maryland to permit PEOs to sponsor large group health plans continue as we begin a comprehensive public affairs campaign

this summer to lay an important foundation as we move into the 2027 legislative session. Legislation in Massachusetts to codify this existing practice in the Bay State is close to passage, and we are optimistic it will become law soon. Further, we prevented harmful legislation from passing in Kansas and Louisiana.

In addition to our advocacy work, we are actively evaluating how we can modernize event programming and create opportunities for new industry voices. In April, more than 30 PEO c-suite leaders attended the CEO Retreat (a new take on the CEO Forum events series). The event provided a forum for industry leaders to think through systemic challenges—like AI and healthcare—affecting the industry.

We continue to enhance the professional development opportunities available through NextGen and WIN. Each of these communities offer opportunities for new industry members to connect and learn from PEO veterans. Our 2026 NextGen Leaders Class was announced in April, and the group has already embraced the initiative by participating in PEO Advocacy Day meetings.

Lastly, planning for NAPEO’s Annual Conference and Marketplace (September 16-18, Marco Island, FL) is in full swing. I’m confident it will be NAPEO’s strongest conference yet!

All the progress we have made this year reflects the strength of our strategic plan and the alignment of our membership behind it. The four pillars guiding our work aren’t just concepts on paper—they are actively shaping the decisions, investments and initiatives driving our industry forward.

I remain incredibly optimistic about where our industry is headed; now it’s time to finish strong. ■



**CASEY M. CLARK**

*President & CEO  
NAPEO  
Alexandria, VA*





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