



PREDICTIVE BEHAVIOR PROFILE™

Case Study

*Demonstrates reduction in frequency and severity
of workers compensation and automobile claims,
and improvements in employee job performance
and quality of work force.*

EXEMPLAR®
RESEARCH GROUP

PREDICTIVE BEHAVIOR PROFILE™

Case Study

The purpose of this case study is to illustrate the predictive nature of the Exemplar's assessment test, demonstrated by a reduction in the frequency and severity of workers compensation and automobile claims.

WE FOUND SEVEN EMPLOYERS WILLING TO PARTICIPATE.

Our activity included;

- Ordering four years of loss runs
- Testing their blue/grey collar employees using the Predictive Behavior Profile™
- Comparing the test results to the four years of loss runs

THE DEMOGRAPHICS OF THE EMPLOYERS ARE:

- 485 total employees
- The insureds paid a total of \$6,200,000 in combined premiums over four years
- 455 commercial vehicles
- They are in the construction, transportation, warehousing, and waste disposal industries

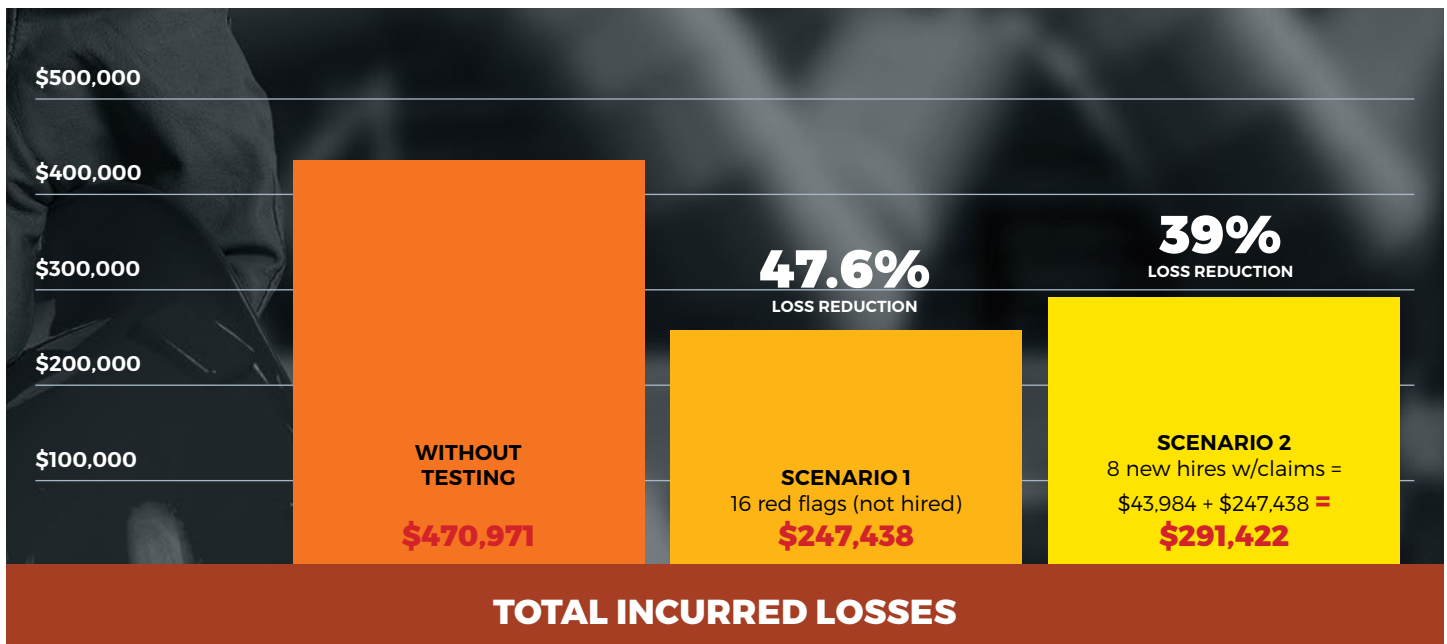
We cited 61 employees who experienced at least one workers compensation and/or automobile claim in the last four years. The Predictive Behavior Profile™ tests for Company Success (including workers compensation/on-the-job accidents, work ethic, conscientiousness, and people relationships) and Driving Safety. We found the following:

- 16 employees would not have been hired because they were Red Flagged for either Company Success or Driving Safety
- They experienced 15 workers' compensation claims for a total of \$129,346
- They experienced 9 auto accidents worth \$94,187

THE TEST'S RELIABILITY

The test discovered 16 employees who were Red Flagged in Company Success and/or Driving Safety behavior. The frequency and severity of the sample company's workers compensation and automobile claims can be predicted and thus significantly reduce the likelihood of hiring employees whose personality traits affect job performance, accidents/claims, time off the job, and driving behavior.

THE FINANCIAL IMPACT OF REDUCING FREQUENCY AND SEVERITY



SCENARIO 1: Not hiring the 16 red flagged employees would have reduced the employers and carriers losses by 47.46% or \$223,533 over the four year period. The total incurred loss would have been \$247,438, not \$470,971.

SCENARIO 2: If we assume that by replacing the 16 red flagged employees with new ones and half of them (8) had the same frequency /severity claim costs as the other 45 employees (\$5,498 per employee), the new employees would have claimed a 4 year total loss of \$43,984. Adding the new predicted losses back into the remaining claim amount of \$247,438, the Predictive Behavior Profile™ test still reduced the employers and carriers losses by 39% or \$179,549.

REDUCTION OF FREQUENCY AND SEVERITY (SCENARIO 1) - The case study has proven the Predictive Behavior Profile™ assessment test to be a good indicator of employee behavior and demonstrated a significant reduction in the severity and frequency of claims.

	WORKERS COMPENSATION CLAIMS	AUTOMOBILE CLAIMS
Total dollar amount of claims	\$182,148	\$288,818
Claim amount reduced	\$129,346	\$94,187
Severity reduction	71%	32%
Total claim count	55	51
Claim number reduced	15	9
Frequency reduction	27%	17%

TEST EXAMPLES

The following are examples of three employees within the sample who represented the greatest frequency and severity problems. If their personality traits were identified through the Predictive Behavior Profile™, it would have given the employer the foresight to pass on hiring these future claims.

SURVEY #	SCORING OUTCOME	WORKERS COMP., CLAIMS	AUTOMOBILE CLAIMS	INCURRED LOSS
357	Red Flag Company Success, Marginal Driving Safety	0	4	\$12,335
351	Red Flag Company Success, Marginal Driving Safety	2	1	\$167,449
303	Red Flag Company Success, Red Flag on Driving Safety	3	1	\$27,159

If these claim reductions could have been realized with seven employers, what kind of cost reductions are possible with an entire book of business, over time?

THE IMPACT OF IDENTIFYING THE RIGHT EMPLOYEES

Participating companies were asked to provide:

- Their supervisors' ratings of employees that management had deemed important for job and company success.
- Data from the previous two years' personnel records including incidents of tardiness and absenteeism, and time off the job due to worker's compensation.
- We also secured permission from each research study participant to obtain their State motor vehicle records.

THE RESULTS INDICATED THAT THERE ARE STRONG CORRELATIONS BETWEEN INDIVIDUAL PERSONALITY DIMENSIONS AND:

- Ratings on performance evaluations.
- A variety of on-the job behaviors.
- Disciplinary actions.

QUALITY OF WORK

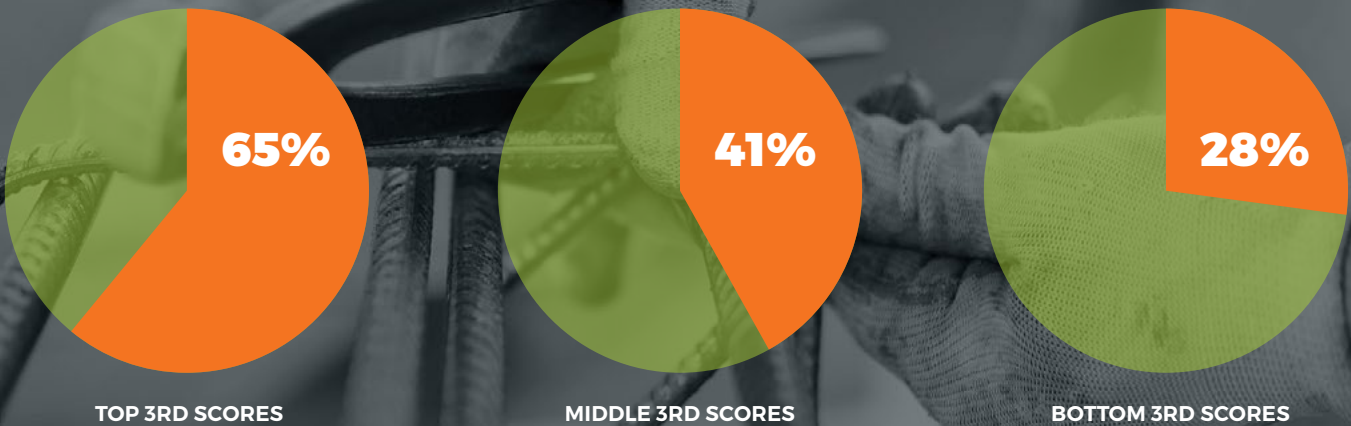


The case study revealed that if you chose only those individuals who scored in the top one-third on the predictor variable, you are 232% more likely to create a workforce where the supervisors are very happy with the work quality of their employees.

SUPERVISOR RATING COMPARISON

28% of people scoring in the bottom one-third of the predictor variable, were rated as above average or high on Work Quality by their supervisors. Of those scoring in the middle third on the predictor, 41% were rated above average or higher and lastly, of those scoring in the top one-third, 65% were rated as above average or higher by their supervisors.

% EMPLOYEES RATED BY SUPERVISORS AS PRODUCING HIGH QUALITY WORK



EMPLOYEE SUCCESS

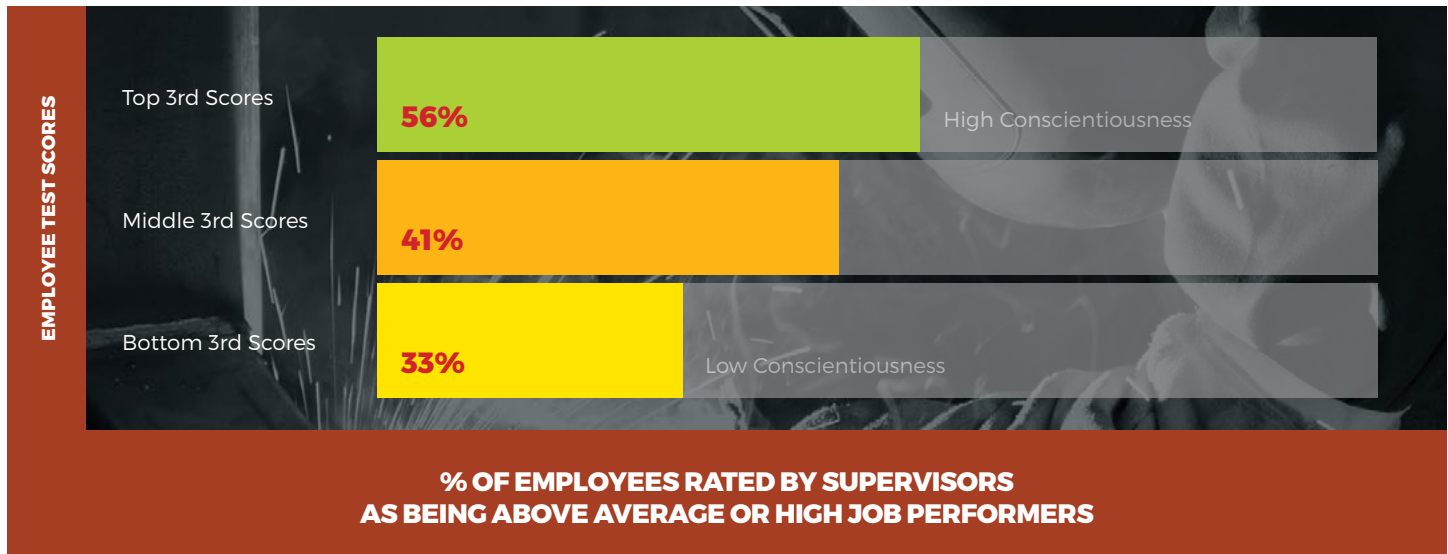
There is almost a 300% better chance of creating a workforce that is cordial, cooperative, pleasant, helpful, and team-oriented if you select candidates who score in the upper third on the predictor variable. Less than 1 in 5 of those people who scored in the bottom third on this predictor were thought to be really good employees.

UNEXCUSED ABSENCE

Using personality variables to predict attendance is important and worthwhile. As you can see in the table below, people scoring low are 263% more likely to be absent from work than those scoring higher.

AVERAGE NUMBER DAYS ABSENT FROM WORK IN 2 YEARS		
Bottom 3rd	Middle 3rd	Top 3rd
2.42	1.10	.92

CONSCIENTIOUSNESS



In almost every job, rule following and adherence to company policies and regulations are valued. The Conscientiousness variable shows that 33% of the employees who scored in the bottom one-third on this scale were judged to be above average or high in their job performance, compared to 41% of those scoring in the middle, and 56% of those scoring in the highest third, a 170% difference. Being able to hire people who comply with the rules, respect safety issues, follow instructions, are obedient to authority, and follow through on their obligations can lead to a higher performing workforce.

WORK ETHIC

Once again there is about 300% better chance of creating a workforce that is hard working, willing to go the extra mile, and ready to pitch in on difficult tasks if you select from those scoring in the upper third on the predictor variable.

OVERALL JOB PERFORMANCE

There is a 361% increased chance of hiring a highly productive employee that you will be pleased with, if you choose employees in the highest scoring tier as opposed to the lowest scoring tier.

TEST CONCLUSION

Personality traits have been identified, measured, scored, and validated to help choose employees that will produce positive desired outcomes for all stakeholders. The Predictive Behavior Profile™ assessment test can help companies reduce costs related to hiring the wrong employee while increasing profitability, productivity per employee, and ease of management for all future hires. The practical applications of using this tool for companies like yours include:

- The odds of hiring the best workers can be greatly improved by using this test in your hiring process.
- Direct workforce management costs like training and turnover can be reduced.
- Indirect costs like worker's compensation claims, time lost on the job, accidents, and low productivity can also be reduced.

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