

Staffing Insurance News



NEWSLETTER SEPTEMBER 2010

Safeguarding the Relationship: A Staffing Firm and VMS Checklist

Vendor management systems (*VMS*) offer staffing firms significant benefits. They provide the staffing firm with access to larger clients, contracts, and opportunities. Staffing firms in turn can tailor their staffing talent pools to match the needs of a wider range of clients. As a result, staffing firms have seen an increase in placement activity and an introduction into major corporations that may not be otherwise possible.

Acting as a repository or source for workforce talent access, a VMS provider serves as a central port for clients to obtain a more focused pool of temporary talent. The benefits for the clients include easier coordination and management of the contingent workforce, and a broader spectrum of staffing talent.

Yet sometimes contractual language can inadvertently transfer risk to your staffing firm, which can create some costly exposures. When clients negotiate with a VMS provider, oftentimes the risks and broader responsibilities are transferred from the client, and passed on to the VMS provider and the staffing firm. Moreover if the contract between you and your VMS provider absolves them from risks associated with client business, that risk may become your staffing firm's responsibility.

What To Do

Work with your VMS to review both the contracts you have in place between you and those that the VMS provider holds with client companies. Look for language that could bring liability to your front door or to that of the VMS provider. Oftentimes the liabilities appear vague until you and your legal representative examine them from all sides of the business relationship.

Discuss with the VMS the risks they typically assume. Understand especially what risks the clients have passed on to the provider and potentially to you and all services the client expects to be performed. If there are services you do not currently provide – most notably, background checks – you will need to be prepared to implement such services to comply with contractual obligations. Most importantly, make note of any risks not covered by your current liability policies, and arrange to make the necessary adjustments on those policies as well.

Once you determine the risks that fall to your company, review those liabilities with your insurance broker or contact [World Wide](#). Make sure you put in place the proper insurance protection to cover this new exposure.

VMS providers are an exceptional source of new business for staffing firms because they increase business opportunities and provide another channel of distribution for your services. By building a collaborative relationship, you can both enter into a more transparent, mutually beneficial agreement that ensures neither party takes on the lion's share of the risks.

For more information on VMS, contact [World Wide Specialty Programs](#). We make it our responsibility to educate the staffing industry. If you ever have questions or concerns do not hesitate to call us at **631-390-0900**. We are proud to be an ASA Corporate Partner.



World Wide Specialty Programs, Inc. · World Wide New York Insurance Services, Inc. - CA, NH, TX
Melville, NY 11747 · 631-390-0900 · 800-245-9653 · [wwspi.com](#)

This document is advisory in nature. It is offered as a resource to be used together with your professional insurance advisors in maintaining a loss prevention program. No liability is assumed by reason of the information this document contains. No articles may be reproduced or republished in whole or in part without permission from World Wide Specialty Programs, Inc. Form # 09-2010