



What you don't know about your business insurance can hurt you AND cost you more money when it comes to NOT considering Employment Practices Liability Insurance (EPLI) coverage



Employment Practices Liability Insurance (EPLI) is a relatively new type of liability coverage providing protection for your business by covering claims made by an employee during the entire employment process. Potential, current and former employees are all part of the employment process and can potentially be the cause of a claim made against the business. EPLI is also simply referred to as “business insurance for employment claims”. EPLI is a very specialized type of insurance that was developed out of necessity back in the early 1990’s and has been growing in demand ever since. The main purpose of EPLI is to protect your business in ways that are essential in today’s litigious society. EPLI coverage will not only provide a defense for your business in the event of a lawsuit, in many cases a claim payment can and will be made. Although 75% of claims made by employees are discarded, the claim defense itself is very costly for any business. The average cost of defending an employee-generated claim is currently ranging around \$10,000.

EPLI coverage is needed as soon as you start to hire employees and will provide funds to survive an unexpected lawsuit. Employees are the most valuable asset to a business. They can also prove to be the most time consuming, expensive and destructive liability your business has to deal with. Three out of five employers are subject to lawsuits filed by potential, current or former employees every year. Can your business afford to be vulnerable to employment related claims and continue without this protection? Owners of a smaller business, such as a power wash company, should weigh the risks and costs carefully. The life savings of a small business owner may be at stake and should be protected.

Claims against employers are trending up significantly. Your business is vulnerable from the moment you discuss a job opening with a potential employee during the interview. The risk follows the business during the employment period even if the employee only lasted a few days. Even more complex, if the potential employee wasn’t hired, a significant exposure to an employment claim still exists. Disgruntled employees are ideal candidates to file a claim of this nature. No matter how hard a business owner tries to be fair, “politically correct” and non-discriminatory, age and gender gaps will often lead to miscommunication.

Ask yourself these questions:

- Do you think off-color jokes are ever told by your employees?
- Ever have an employee resign because they could not tolerate the work environment?
- Do you think inappropriate pictures are ever shared amongst co-workers?
- Do your employees ever “break in” the new guy on the job?
- Have you ever had to terminate someone’s employment?

A claim involving employment practices can happen to ANY business. If you haven’t experienced this situation yet, it’s only a matter of time. It is the reality of our society that every employer will eventually be the target of legal actions from past, present and the prospective employee. The above questions were simply listed to make you think how something that may seem minor can lead into one of the biggest problems a business can face.

To better understand what EPLI can offer from a claim perspective, the below list shows what is most commonly included in this policy or endorsement:

- Discrimination (age, gender, race, religion, disability, etc.)
- Wrongful Discharge
- Emotional Distress
- Invasion of Privacy
- Reputation Claims (defamation, libel, slander)

Each state and insurance company will have differences in their product. In most cases you can buy EPLI as a stand-alone policy OR as an add-on endorsement. The pricing, limits and deductibles available will also be unique to the state you do business in. It’s very important to talk with your insurance professional to discuss what is available to your business.

Be smarter about your insurance and know what is available to you as a business owner. Don’t get caught off guard by a lawsuit no matter how frivolous it may seem. The peace of mind having EPLI coverage can offer a business owner could be one of the smartest decisions ever made.

Ask your Account Representative for more information



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