



# Employment Practices Liability

## WHY YOU NEED EMPLOYMENT PRACTICES LIABILITY INSURANCE (EPL):

- ▶ A private company is more likely to have an Employment Practices claim than a General Liability or property claim.
- ▶ 3 out of every 5 employers are sued by former employees
- ▶ 65% of all companies that have ever fired an employee have been hit with an employment related lawsuit
- ▶ In 2006, the median award for all plaintiff verdicts was over \$200,000
- ▶ Over 40% of all Employment Practices claims are brought against firms with less than 100 employees

The following are important coverages that we offer in our EPL policy. Make sure that your policy includes all of these features.

COVERAGE FEATURES	OUR GROUP	COMPETITORS' POLICY
Fair Labor Standards Act (FLSA) - \$100,000 sub-limit for defense costs and loss (available in most jurisdictions). This helps protect employers in the event they are confronted with wage and hour disputes	✓	?
Defense and Settlement provision ("Hammer Clause") softened to cover 75% of defense costs and loss after Insured's final refusal to consent to settle a claim	✓	?
Defense outside the limit – We bear all costs of defense above the retention and defense costs do not erode the Limit of Liability (if a \$500k or higher limit is chosen and there are fewer than 200 employees)	✓	?
Duty to Defend - We have an obligation to defend all claims (as defined by the policy) even if found to be groundless, false or fraudulent. We use expert outside defense counsel and in-house claim adjusters to control defense costs as well as to reduce overall claim costs	✓	?
Full Prior Acts available for most risks - provides coverage for acts occurring prior to the inception of the policy that result in claims made during the policy period	✓	?
Punitive Damages are included in the definition of Loss with most favorable venue wording (available in most jurisdictions). Punitive damages can be one of the largest EPL exposures for an organization. Most favorable venue wording is especially important for organizations with multiple locations as punitive damages are not insurable in all states	✓	?
Third Party coverage available for most classes of business provides coverage for claims made by non-employees, usually customers or vendors, that allege that an employee harassed or discriminated against them	✓	?
Independent Contractors are included in the definition of Employee.	✓	?
Risk Management Services – Free human resources consultation HELPLINE service with unlimited calls and no time limits plus an online HR Resource Center	✓	?