

# Employment Practices Liability



## What is Employment Practices Liability Insurance?

Employment practices liability insurance, commonly known as EPLI, provides coverage to an employer against allegations made by former, current or prospective employees of a wrongful employment act committed by the employer. Wrongful employment acts are allegations ranging from discrimination under Title 7 (sex, race, age, disability, HIV status, etc.) wrongful termination, various forms of harassment to EEOC investigations. The coverage also intends to provide coverage for other employment related issues which are discussed more in depth within the policy language.

## Why Have Employment Practices Liability Insurance?

EPLI is an imperative coverage for all employers to have given the current litigation climate leaning heavily toward the employees. The coverage not only pays for actual wrongful acts, but will pay to defend allegations as well. Three out of every five employers are sued by former employees every year. On average, those claims for small to medium size entities took 275 days to settle or close costing \$125,000 between defense and settlement costs. If an entity pushes past settlement to a trial, the employee wins 60% of these cases even without an actual wrongful act being committed. Is your company or organization positioned to handle a lengthy claim scenario that could end up costing hundreds of thousands of dollars?

## Key Coverages Include:

- Broad definitions of "Employee" included independent contractors and volunteers available for most classes
- Workplace Violence sub-limits available
- IRCA investigation sub-limits available
- FLSA (Wage and Hour) sub-limits available ranging from \$25K - \$250K for some classes
- Defense outside the limit available
- First and Third party coverage available for most classes

## Quote Information

Business name: \_\_\_\_\_  
 Location address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
 Primary contact: \_\_\_\_\_ Title: \_\_\_\_\_ Email: \_\_\_\_\_  
 Description of Operations:

Full-time employees \_\_\_\_ Part-time \_\_\_\_ Temporary/ Seasonal \_\_\_\_ Independent contractors \_\_\_\_ Leased \_\_\_\_

Average Salary:  \$25,000 or less  \$25,001 - \$50,000  \$50,001 - \$75,000  greater than \$75,001

Annual Turnover Estimate:  Less than 20%  20% - 50%  Over 50%

Is the company stock publicly traded?  Yes  No

In the past 5 years, has the applicant had a claim or is the applicant aware of any circumstances or incidents that may result in a claim?  Yes  No

# Employment Practices Liability Product

## Claim Examples

Each day brings new possibilities for unfortunate and unforeseeable accidents. Many people don't recognize their loss exposures, which can result in catastrophic loss and significant financial burden. The following scenarios are factual claims that can be used as an effective marketing tool to highlight the real possibility of loss. Your retail customers should use the following scenarios to remind their customer prospects that failure to purchase Comprehensive Personal Liability insurance could cost their family a fortune!

- ▶ **Discrimination/Wrongful Termination:** A female marketing manager took leave subject to the Family Medical Leave Act (FMLA) upon the birth of her first child. She was terminated one month after her return to work for poor work performance and the company eliminated her position. There was no documentation of poor performance prior to her FMLA leave.
- ▶ **Third Party Liability:** A blind customer entered a local grocery store with his guide dog. The manager of the meat/ deli department asked the customer to take his dog outside because he thought the dog presented a health hazard. The customer sued for violation of the Americans with Disabilities Act.
- ▶ **Internet/Email Liability:** An employee who intended to email a pornographic joke to only a single recipient accidentally pressed the wrong button, sending the off-color joke to the company's entire workforce. The employer made the employee send a follow-up email apologizing to the workforce. Two months later, during a company downsizing, an employee sued for a hostile work environment and used the email as evidence.
- ▶ **Spousal Liability:** The president of a company was being threatened with a sexual harassment suit by one of his employees. The president decided to transfer most of his assets into his wife's name in order to avoid being personally sued and subjecting his personal assets to any possible claim settlement against him. The employee later sued the president for sexual harassment. The suit named both the president and the president's wife because of her ownership interest in the president's assets. These assets were later subjected to the settlement provisions.
- ▶ **Retaliation:** An African American employee of a barge repair and painting firm complained to management that some of his coworkers were using racial slurs and jokes. His supervisor transferred him to an inside warehouse position at a reduced hourly rate stating that it would be better for him to work alone rather than be exposed to those workers. The employee later sued for discrimination and retaliation for reporting the discrimination.