Duncan FINANCIAL GROUP

Making It All Work

Trusted Choice®

FAQ Employment Practices Liability Insurance

Q: Are your business and its assets protected?

A: It can happen to ANY business – even yours! Every day, your business, whether big or small, faces the prospect of being the target of a lawsuit filed by a past, present or potential employee. You can't monitor every aspect of an employee's hire or termination, or every conversation taking place in the office or warehouse. As a result, an off-color joke told in the employee lounge; an employee you had to fire; or the potential employee you chose not to hire, are all circumstances that could lead to a potential lawsuit. Even if a claim is frivolous or fraudulent, defending it can be expensive.

Q: How do I protect my business and its assets from employee related lawsuits or claims?

A: By purchasing Employment Practices Liability Insurance ("EPLI"). An EPLI policy provides coverage against claims made by past, present and potentials employees, including those for discrimination (age, sex, race, etc.), sexual harassment, and wrongful termination, amongst others. An EPLI policy will also cover legal costs and expenses, whether your business wins or loses the suit.

Q: Aren't these types of claims covered under my general liability policy ("GL Policy")?

A: No. Such claims are rarely covered under a GL Policy.

Q: Why not?

A: For the following reasons:

- Most employment related claims aren't "accidental", or considered an "occurrence" which triggers coverage under the GL policy;
- "Injuries" suffered in such cases don't constitute "bodily or personal injury" as defined in the GL Policy; and
- Many GL Policies contain exclusions for claims "arising out of or in the course of employment".

Q: Would an EPLI policy cover claims made by my clients, vendors or other non-employees?

A: Most do not. However, "third-party" coverage can be purchased for an extra premium, and covers liability for discrimination and sexual harassment claims by clients, vendors and other non-employees.

Q: Can an EPLI policy be tailored to meet the specific needs of my business?

A: Yes.

Q: What affects the cost an EPLI policy?

A:
- The type, size and location of your company;
- The number of claims and lawsuits previously filed against the company;
- The number of employees and how long you have been in business.

Q: Some additional EPLI facts and statistics*:

A:
- An employer is more likely to have an employment claim than a property or general liability claim;
- Defense of an average EPLI case, through trial, costs more than $45,000;
- The average amount paid for an out-of-court settlement is $40,000;
- The median compensatory award in EPLI cases is $218,000;
- 67% of employment cases that litigate result in judgments for the plaintiff;

* Society for Human Resource Management

Q: How do I know what I should do?

A: Making such a personal decision about your options is yours – and yours alone under the law. As your professional independent agent, I can help your company craft an EPLI policy which protects those risks which are unique to you and your business. Our agency's job is to help provide you with information on these choices so that you can make informed decisions.

Call our team of specialists today for a no-obligation consultation!

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