

What is errors & omissions insurance?

Also known as professional liability insurance, E&O covers lawsuits that arise from rendering negligent professional services or failing to perform professional duties. This coverage is typically recommended for lawyers, accountants, architects, engineers, IT companies, or any company where individuals provide a service to clients for a fee.

There are a variety of professional liability policies (E&O), each covering a different profession and the risks that they entail.

The policy itself will protect you financially from legal claims and lawsuits up to your selected policy limits in the event you make a mistake and advise or treat someone incorrectly.

Why do I need employment practices liability insurance?

Unless you have an EPLI policy, your business is not covered against employee lawsuits. According to an industry study, 6 out of 10 non-buyers of EPLI coverage mistakenly think they are protected under other policies.

If you are not carrying an EPLI policy, your business is not alone. A study done by Advisen found that only 23% of companies with fewer than 100 employees purchase EPLI insurance; that

number is 34% for companies with 500-700 employees and 40% for businesses that employ over 1,000 people.

Employment practices liability insurance provides compensation for losses caused by employee lawsuits. All court costs and legal fees are included in coverage. EPLI insurance protects your business from the following and more:

- **Wrongful termination:** Statistics show that this is the most common claim brought against employers. According to the EEOC, it is illegal to terminate an employee on the basis of age, race, national origin, gender, or disability. A business can also be sued if they fire an employee for:
 - Taking a leave of absence under the Family Medical and Leave Act (FMLA).
 - Reporting wrongdoing to the authorities under the Whistleblower Protection Act.
- **Harassment:** In most harassment cases, the issue is sexual harassment, but cases of violence, bullying and issues based on race, color, age, and religion all fall into this category. The harassers can be senior managers, supervisors, coworkers, agents of the employer, or even non-employees. If the employee can prove the company was aware of the issue and ignored it or did not take adequate steps to solve the problem, the business may face additional fines and penalties if the case makes it to trial. Prevention is the best way to eliminate harassment at your business. It should be clearly communicated to all employees that harassment will not be tolerated.
- **Discrimination:** Discrimination cases involve employees who are turned down for employment or denied promotions or raises based on age, gender, race, national origin or disability. If an employee can show a trend of

discrimination in your business, they may have a winning case on their hands.

- **Breach of contract:** Violating the terms of an employee's contract can result in a lawsuit against your company. Proof of damages to the employee due to the breach will often result in a victory for your former employee.
 - **Emotional distress:** If employees feel that your business is fostering a hostile environment, or if they are subjected to overly stressful situations in the workplace, they may sue. While these cases can be very difficult to prove, the legal fees for defending the case can be substantial.
 - **Other violations:** EPLI coverage doesn't end with these types of claims. It offers protection for suits regarding statute violations, wage and hour violations, wrongful denial of workers' compensation, loss of consortium, false positives from drug tests, libel and slander.
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What is employment practices liability insurance?

Employment practices liability insurance, commonly referred to as EPLI insurance, is specifically designed to protect employers from lawsuits brought by employees. It provides coverage for many situations that general liability insurance does not.

Even lawsuits that are thrown out of court or are won by your company are expensive, due to the high cost of securing legal defense. Therefore, this insurance coverage is very important as financial protection for your business enterprise.

What is covered by employer liability coverage?

Many businesses owners are under the misconception that any employee injury on the job is covered by their workers' compensation benefits. In reality, there are several exceptions that aren't. However, they are covered by employers liability, like:

- **Third-party countersuits.** Say an employee is injured due to equipment malfunction while operating a forklift. They file for workers' compensation and your business is covered, right? What if they also sue the manufacturer of the forklift? The manufacturer's lawyers will most likely bring a cross suit against your company, claiming the malfunction was due to improper maintenance. Workers' compensation won't help you fight that case, but employers liability insurance can step in.
- **Loss of consortium.** In most cases, an employee who receives benefits from a workers' compensation claim can't file a lawsuit against the employer. However, nothing prevents the spouse of the injured employee from filing a claim against your business asserting that they have suffered losses due to the injury. Employers liability insurance can pick up the tab for these types of claims.
- **Dual capacity suits.** These are lawsuits brought by an employee against the employer when the injury stems from a product manufactured by the employer. In such cases, the employer is liable, as both an employer and a manufacturer. Workers' compensation can't handle such

complicated cases, but employers liability insurance can.

- **Gross negligence claims.** If one of your managers directs an employee to do something that the manager knows is dangerous and could result in an injury or worse, your business can be held liable, and workers' compensation will not come to your aid. These are the most common type of employers liability claims and are commonly filed by spouses after a fatality where they believe the employer disregarded the employee's safety.

Many policies have limits on what they will pay out on these claims. You can choose higher limits and pay slightly higher premiums, but rates are usually fairly cheap for an additional \$1 million in coverage.

Or, to increase your limits, you may want to think about a commercial umbrella policy, which works above the employers liability coverage. Your agent can help steer you toward the right choice for you.

What is not covered by employers liability coverage?

As great as employers liability coverage is, it still doesn't cover everything. It also contains exceptions, such as:

- Punitive or exemplary damages because of bodily injury to an employee who is employed in violation of the law.
- Bodily injury to an employee while employed in violation of the law with the employer's knowledge.

- Any obligation imposed by a workers' compensation, occupational disease, unemployment compensation, or disability benefits law, or any similar law. These types of losses are covered under the specific policies designed for these exposures.
 - Bodily injury intentionally caused, or aggravated, by the employer.
 - Bodily injury occurring outside the United States, its territories, possessions and Canada. Note that this exclusion does not apply to bodily injury if a citizen or resident of the United States or Canada is temporarily outside of the country.
 - Damages arising out of wrongful termination, discrimination, harassment, and other workplace-related wrongful acts. Coverage for this exposure is provided under an employment practices liability policy.
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What is employers liability coverage?

You've probably heard of auto gap insurance – a separate policy to cover the difference between what car insurance covers and what is still owed on the loan for a vehicle.

Employers liability insurance is purchased with the same thought in mind: to protect your business from costs resulting from employee claims that are not covered by workers' compensation benefits.

It covers the gap between your company's bottom line and

lawsuits stemming from employee activities. Some insurance companies and state regulations even refer to employers liability insurance as “stopgap coverage.”

Your state, or the county in which you do business, may even require you to carry employers liability insurance. Which is why it's important to work with an experienced insurance agent who is familiar with your industry, the area in which you do business, and any laws with which you must comply.

You may already have a professional liability policy, an EPLI policy (employment practices liability insurance), a general liability policy, and perhaps a host of other coverages to protect your business from liability risk exposures.

Do you really need another liability insurance policy? Yes. Not one of these products fills the gap between workers' compensation and your revenues and assets, but employers liability insurance does.

What does cyber liability insurance cover?

Though hackers remain the number one cause for cyber insurance claims, there are a number of big threats out there that can happen at any time.

Fortunately, a cyber liability insurance policy can help protect your company against a big number of breach events.

Cyber liability insurance provides coverage for:

- **Privacy liability:** Fills the gaps between state- and federal-specific definitions after a data breach
- **Privacy regulatory claims:** Legal defense expenses, fines and penalties assessed by federal, state, and local authorities
- **Security breach response:** IT forensics, customer notifications, PR, and credit monitoring services
- **Security liability:** Addresses the human element and allegations of a “Security Wrongful Act”
- **Multimedia liability:** Defamation, libel, slander, copyright, and more
- **Cyber extortion:** Expenses and payments (within limits) to a harmful third party to avert potential damage
- **PCI-DSS assessment:** Compliance assessments and expenses involving cardholder information
- **Cyber deception extension:** Extensions respond to an intentional or misleading material facts contained or conveyed within an electronic or telephonic communication(s) that are believed to be genuine
- **Business income and digital asset restoration:** Provides for lost business and earnings, expenses, and digital-asset restoration costs

Why do I need cyber liability

insurance?

If your company gets hacked, cyber liability insurance can help save you from a door-closing disaster in a number of ways which means it's pretty important coverage to have. The only time we'd agree you don't need cyber liability insurance is if you don't keep any of your company or client's information accessible via technology.

Some bad things that could happen:

- Deletion/alteration of data, transmission of malicious code, denial of service
- Loss of private data and/or communications in paper and digital formats
- Invasion of privacy and/or copyright/trademark violations

What Is cyber liability insurance?

Cyber liability insurance is a contract between a business and an insurance company where the insurer agrees to pay for expenses like fees, fines, lost income, and public relations (depending on coverage) to help the company recover from a number of threats and incidents.

What is not covered by general liability insurance?

While commercial general liability (CGL) coverage is quite comprehensive, not every type of business liability exposure is covered. After examining the exclusions, you might find gaps for which you have to purchase additional coverage.

Here are some of the most common CGL exclusions (not an exhaustive list).

- Certain types of liability claims covered under other types of insurance policies, including workers' compensation, professional liability, commercial auto liability, and directors' and officers' liability coverage
- Pollution liability claims
- Claims resulting from damage to the property of others that is in the care, custody, and control of the business (e.g., vehicles at an auto repair shop)
- Product recall liability claims
- Any legal actions that do not involve a claim for bodily injury, property damage, personal injury, or advertising injury
- Most contract disputes
- Actions by a governmental agency related to failing to follow regulations
- Claims for back taxes
- Failure to provide a safe workplace
- Professional negligence, or errors and omissions claims

Business owners can purchase other types of liability policies to fill any gaps that they have, or you can often add

endorsements to your CGL policy for certain types of liability coverage.