

# 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.