



Employment Practices Liability

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Are you adequately protecting your business by carrying Employment Practices Liability (EPL) Insurance? Many business owners' insurance policies exclude or offer very limited coverage in regards to EPL.

EPL insurance provides coverage for a corporation, its directors and officers, and employees against claims resulting from wrongful termination, sexual harassment, discrimination, wrongful discipline and failure to employ or promote.

Now, more than ever, business owners need to purchase EPL insurance to cover charges from employees of unfair pay based on discrimination for gender, race, national origin, religion, age and disabilities.

- Nationwide discrimination charges filed at the federal level increased 9.3% in 2007 and 15.2% in 2008.
- The #1 area for corporate litigation is labor and employment matters.
- The average cost to defend an EPL claim has been \$150,000.

The legal landscape for employers continues to change with the passage of laws like the Lilly Ledbetter Fair Pay Act in 2009 and the Americans with Disabilities Act in 2008. Layoffs, downsizing, salary freezes and reduction in benefits can be used by past and present employees as evidence of "tangible adverse employment actions" to file charges of discrimination, harassment, retaliation and wrongful termination against employers.

REASONS FOR EPL

- Three out of five employers are sued by former employees every year.
- Over 40% of EPL claims are against companies with fewer than 100 employees.

- Some federal and state employment laws apply to all employers – any size company has exposure.
- The financial ramifications of not having EPL coverage can be crippling, especially for small companies because they do not have the operating budgets to handle defense costs, let alone settlements or judgments of an uninsured claim.

When reviewing your company's EPL insurance needs, pay attention to the following coverage benefits:

- The policy should provide indemnity as well as unlimited coverage for defense costs outside the limit of liability.
- Recommended limit of liability under this coverage is \$500,000 to \$5,000,000, depending on the size of your organization.
- Your policy should cover you during the current policy term as well as for prior acts.

Don't dismiss EPL as a "nice-to-have" insurance product just when it is needed the most.

If you have any questions or would like any additional information on the insurance policies available at Thum Insurance Agency, please call 800-866-0777. Office hours are 8:00 AM to 6:00 PM Eastern Time, Monday through Friday.

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Coverages may vary by state and company. Coverages are controlled by the policies issued and are not modified, extended or revised by the descriptions contained herein.