



## Employment Practices Liability Product

### This policy includes:

- ▶ Fair Labor Standards Act (FLSA) - \$100,000 sub-limit for defense costs and loss (available in most jurisdictions)
- ▶ Defense and settlement provision (hammer clause) softened to cover 75 percent of defense costs and loss after insured's final refusal to consent to settle a claim
- ▶ Defense outside the limit up to 200 employees if a \$500,000 limit or higher is chosen
- ▶ Full prior acts coverage for claim-free accounts for most states and classes
- ▶ Punitive damages with most favorable venue wording included in the definition of loss (available in most jurisdictions)
- ▶ Front and back pay included in the definition of loss
- ▶ "For" wording applies to bodily injury/property damage exclusion
- ▶ Wrongful Act definition expanded to included coverage for the negligent violation of the Uniformed Services Employment & Reemployment Rights Act (USERRA)
- ▶ Independent contractors are included in the definition of employee
- ▶ Full severability
- ▶ Spousal liability extended to domestic partners
- ▶ Final adjudication wording for fraud exclusion
- ▶ Defense costs coverage for breach of express employment contract
- ▶ Retaliation carve backs for many exclusions
- ▶ Defense costs coverage for claims involving the modification of real property

### Additional Advantages:

- ▶ Financial stability of a carrier rated A++ by A.M. Best
- ▶ Specialized claims unit with expertise in professional and management liability
- ▶ Unsurpassed service with a sense of urgency and care
- ▶ Policyholders have access to many free and discounted services through our Business Resource Center that will assist in growing and protecting their business
- ▶ Free access to eRisk Hub®, an online cyber risk management tool with breach coaches, HIPAA resources and security
- ▶ Free human resources consultation helpline with unlimited calls and no time limits plus an online human resource center







## Employment Practices Liability

Why You Need Employment Practices Liability Insurance (EPL):

- ▶ A private company is more likely to have an employment practices claim than a general liability or property claim
- ▶ Three out of every five employers are sued by former employees
- ▶ Sixty-five percent of all companies that have ever fired an employee have been hit with an employment-related lawsuit
- ▶ In 2006, the median award for all plaintiff verdicts was over \$200,000
- ▶ Over 40 percent of all employment practices claims are brought against firms with fewer than 100 employees

The following are important coverages that we offer; make sure your policy includes all of these features:

BETTER PROCESS	USLI	COMPETITORS' POLICY
Fair Labor Standards Act (FLSA) – \$100,000 sub-limit for defense costs and loss (available in most jurisdictions) to protect employers in the event they are confronted with wage and hour disputes		
Defense and settlement provision (“hammer clause”) softened to cover 75 percent of defense costs and loss after insured’s final refusal to consent to settle a claim		
Defense outside the limit – We bear all costs of defense above the retention and defense costs do not erode the limit of liability (if a \$500,000 or higher limit is chosen and there are fewer than 200 employees)		
Duty to defend – We have an obligation to defend all claims (as defined by the policy) even if found to be groundless, false or fraudulent. We use expert outside defense counsel and in-house claim adjusters to control defense costs as well as to reduce overall claim costs		
Full prior acts available for most risks – provides coverage for acts occurring prior to the inception of the policy that result in claims made during the policy period		
Punitive damages are included in the definition of loss with most favorable venue wording (available in most jurisdictions)		
Independent contractors are included in the definition of employee		
Risk management services – Free human resources consultation helpline service with unlimited calls and no time limits plus an online HR resource center		

This document does not amend, extend or alter the coverage afforded by the policy. For a complete understanding of any insurance you purchase, you must first read your policy, declaration page and any endorsements and discuss them with your agent. A sample policy is available from your agent. Your actual policy conditions may be amended by endorsement or affected by state laws.



## 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.

**The Business Resource Center is available to all insureds with discounts on background check services, tenant screenings, motor vehicle records, and other great services!**