

Why Buy Employment Practices Liability

No business owner would consider going without General Liability or Property insurance, yet an employer is more likely to have an Employment Practices Liability claim than a General Liability or Property claim.

DID YOU KNOW...

- ▶ Over 40 percent of employment practices liability claims are brought against private employers with fewer than 100 employees
- ▶ In a recent survey, 73.5 percent of companies defended employment-related litigation over the last three years mainly including discrimination and wage and hour complaints
- ▶ The number one area for litigation over the past three years has been labor and employment matters
- ▶ Forty-seven percent of plaintiff verdicts are between \$100,000 and \$500,000, and the average cost of defense is \$150,000

RECENT CLAIM EXAMPLES

Age Discrimination

An insurance agency decided to lay off three employees with similar backgrounds and experience due to soft market conditions. The two employees were 58 and 34 years old. A month later the agency decided to re-hire the 34 year old. The 58 year old brought a suit for age discrimination.

Sexual Harassment

An employee of a pool manufacturer complained to the owner that her supervisor was making inappropriate comments about her appearance and pressuring her to date him. Her supervisor subsequently reduced her hours and made working at the company so unpleasant for her that she resigned. She charged sexual harassment, hostile work environment and constructive discharge.

Fair Labor Standards Act (FLSA)

A retail clothing store manager was misclassified as exempt as he spent more than half of his time engaged in non-exempt, non-managerial activities. He brought a claim seeking compensation for unpaid overtime from the past two years.

Third Party Discrimination

A hotel manager routinely stated "no vacancy" or charged a higher rate to certain guests based on their race and national origin to discourage them from staying at his hotel. A family that was charged a higher rate than initially quoted and then denied a room engaged an attorney to bring suit and is seeking others who have experienced the same treatment at this hotel.

THE EVOLVING LEGAL ENVIRONMENT

Lilly Ledbetter Fair Pay Act of 2009 amends Federal discrimination laws so that each paycheck an employee receives extends the statute of limitations to file an unequal pay charge if it results "in whole or in part" from a prior discriminatory pay decision. The new law may also allow charges to be brought by non-employees, such as spouses of deceased employees.

Americans with Disabilities Act Amendments Act of 2008 (ADAAA) went into effect on January 1, 2009, and broadened the definition of "disabled" from the original ADA, increasing the number of protected employees and increasing a business owner's exposure to disability discrimination claims.

Age Discrimination in Employment Act of 1967 (ADEA) was broadened in 2005 and 2008 by two separate Supreme Court decisions. Employers can be sued for age discrimination if a practice, policy or employment criterion has a disproportionate and adverse impact on protected employees, even if the employer did not act with an intent to discriminate.

EMPLOYMENT PRACTICES LIABILITY PROVIDES PROTECTIONS AGAINST CLAIMS OF:

- ▶ Discrimination
- ▶ Harassment
- ▶ Retaliation
- ▶ Wrongful termination
- ▶ Employment-related misrepresentation
- ▶ Negligent evaluation, training and supervision
- ▶ Failure to enforce adequate policies
- ▶ Wrongful discipline
- ▶ Wrongful deprivation of career opportunity
- ▶ Negligent violation of laws such as the Family Medical Leave Act (FMLA) and the Uniformed Services Employment and Re-employment Rights Act (USERRA)
- ▶ Wage and hour claims

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FREE EMPLOYMENT PRACTICES LIABILITY RISK MANAGEMENT TOOLS

If a Human Resource (HR) consulting firm offered you their time and expertise for FREE, would you lock their phone number and e-mail address in a drawer and never call? Of course not!

DO YOU HAVE QUESTIONS SUCH AS:

- ▶ What are the current federal employment laws that apply to my workplace? Are my state's laws different?
- ▶ What are "wage and hour" regulations? What does "exempt" versus "non-exempt" mean? Who gets paid overtime? How much and when?
- ▶ How should I handle terminating, suspending or disciplining an employee?
- ▶ How should I properly document performance issues and disciplinary actions in an employee's file?

In addition to employment practices liability coverage, you need FREE risk management tools to help you handle the day-to-day employment issues you face with your employees:

- ▶ Unlimited toll-free hotline plus ability to e-mail questions online
- ▶ HR News Center highlighting employment law changes and cases in the headlines
- ▶ Sample HR
- ▶ Manual and employment forms
- ▶ Sample HR Policies regarding discrimination, harassment, employment-at-will and electronic communications



As a business owner, you need to protect your company from the unexpected and financially crippling costs resulting from employment-related claims and lawsuits.

Employment Practices Liability insurance protects an employer against claims made by employees, former employees and even potential employees. It covers discrimination (age, sex, race, disability, etc.), wrongful termination of employment, harassment and other employment-related allegations. Coverage can also be extended to cover claims of discrimination and harassment made by third parties such as customers and vendors. The policy provides coverage for the costs associated with defending these types of claims and any settlements or judgments that result.

An Employment Practices Liability claim can devastate a business! Please complete the information below and mail, call or fax your insurance agent for a fast quote.

Name of Applicant:	
Address:	
Nature of Operations:	
Number of Employees:	
Full Time:	
Part Time, Temporary & Seasonal:	
Independent Contractors	

Note: employment practices liability premiums start around \$500 for a \$250,000 limit (minimum premiums vary by state). Retentions start at \$1,000 for most classes in most states.