

## **BUSINESS OWNERS NEED EMPLOYMENT PRACTICES LIABILITY COVERAGE (EPL)**

**Chances are a small to medium size business will face an employment claim...** In today's workplace business owners must protect themselves from employment claims.

- Discrimination, wrongful termination, sexual harassment – these are just some of the charges that employees can file at any time.
- EPL insurance pays for liability damages and defense costs due to these charges brought by full-time, part-time, temporary and seasonal employees. Optional coverage for Third party claims will also respond to claims brought by customers or vendors.

**The risk is real...** The workplace is a minefield for your small business clients. Hundreds of thousands of charges are filed each year, with employers ordered to pay tens of millions of dollars.

- Approximately 50% of EPL charges are filed against small to medium sized businesses.
- Small to medium size businesses don't often have Human Resource professionals to develop formal personnel policies and procedures that can help prevent charges.

**It could happen to anyone...** Employment claims are a serious risk. Ask your business clients. If someone has an agenda, could their actions easily be misrepresented?

- No matter how well they run their business, an employee or a customer can allege anything at any time. Even groundless employment charges require legal defense.
- Small to medium size business owners may not have the time nor inclination to properly document employment decisions with employment applications, performance appraisals and the like. This leaves them exposed.
- Even if you have a small number of employees, you could still be exposed to claims brought by customers or vendors.

**An affordable necessity...** EPL coverage has evolved from a high-priced option for large employers to an affordable necessity for all businesses. In today's litigious climate, small to medium size business owners must protect themselves from damaging employment charges.

- 81% of EPL claims are resolved for between \$22,400- \$40,500 including defense cost and liability damage payments.
- This isn't an exposure that a business should self-insure. Given the risk, EPL coverage is a tremendous value.

**The categories of discrimination covered by Employment Practices Liability Insurance are:**

### **DISCRIMINATION, HARASSMENT & WRONGFUL TERMINATION**



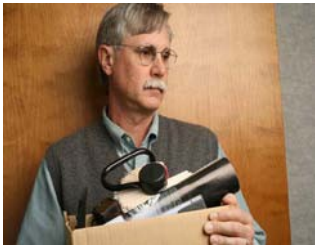
*See the back for loss examples within each category.*

**The following “Wrongful Employment Acts” are examples of actions that have created the need for EPL coverage:**

- Wrongful termination, discharge or dismissal
- Harassment, including sexual harassment
- Discrimination (based upon age, gender, race, color, national origin, religion, sexual orientation or preference, disability or pregnancy)
- Retaliation
- Wrongful failure to employ or promote
- Violation of an individual's civil rights relating to a wrongful employment act.
- For a complete list of “Wrongful Employment Acts,” please reference the EPL coverage form.

**Most small to medium size business owners lack insurance protection. It was just too expensive — until now.**

Employee Practices Liability Insurance coverage is now at a very affordable price for business owners.



## Take a Look at these Case Files . . .

### DISCRIMINATION

**Professional:** Restaurant  
**Allegation:** Race Discrimination Alleged by Customer  
**Damages:** Settlement of \$12,000, and legal fees of \$4,000

A small downtown restaurant offered take-out lunch services. One of the lunchtime customers, a business person of Middle Eastern decent, alleged that the counter help made repeated derogatory remarks about his ethnic clothing and accent. Upon investigation, the manager of the restaurant found that the counter staff had in fact made the derogatory comments to not only this customer, but several others that often came in. The restaurant settled with the customer for \$12,000. Legal fees were \$4,000.

### HARASSMENT

**Professional:** Professional Office  
**Allegation:** Sexual Harassment Alleged by Client  
**Damages:** Settlement of \$20,000, and legal fees of \$8,500

A female client of a small accounting firm alleged that during her frequent visits to the office the male receptionist would often make sexually suggestive remarks about her physical appearance. Although the client and the receptionist often exchanged playful banter, on several occasions the female client alleged that the discussions went over the line. In addition to the settlement with the client of \$20,000, the firm also instituted a new third-party harassment policy for all staff members to follow.

### WRONGFUL TERMINATION

**Professional:** Tool shop  
**Allegation:** Wrongful Termination Alleged by Employee  
**Damages:** Legal fees of \$25,000

A tool shop owner was sued by a long time elderly employee for wrongful termination. This employee had been like part of the family and was originally hired by the owner's father. Due to the employee's arthritis, the employer moved him to other positions in order to accommodate the employees failing dexterity. The employee continued to have performance problems and was let go after several warnings. The suit was thrown out nine months later but cost the employer \$25,000 in defense costs in addition to lost time and productivity, not to mention the emotional toll.

### LOSS PREVENTION AND CLAIMS SERVICES INCLUDED WITH COVERAGE:

- Loss Prevention Website
- Toll Free Advice Line
- Claim service is provided by EPL claims specialists.
- Insureds needing legal defense are represented by experienced employment law firms whose services would normally be cost prohibitive for a small business owner.