

EPLI – A Must for Business Owners



If you are a business owner, you're acutely aware of most of the hidden bumps in the road. However, you may or may not know that there is a large pot hole looming ahead, that intends on causing great harm to your organization. It is known as "employmentbased" or "employment-related" lawsuits, including:

- Sexual harassment
- Breach of contract
- Discrimination (sex, age, race, religion, disability, illness)
- Wrongful refusal to hire
- Wrongful failure to promote
- Libel
- Slander
- Unfair demotion
- Wrongful termination
- Misrepresentation
- Invasion of privacy

Most business owners purchase insurance policies to cover "Property and Casualty" losses, but these policies are designed to provide coverage for tangible damages. These General Liability policies will not respond to the aforementioned. Business owners need an Employment Practices Liability Insurance Policy for these "employment suits".

Employment Practices Liability Insurance is a relatively new form of liability insurance. Very few employers currently carry EPLI coverage, even though statistics now show that businesses are more likely to face an employment claim than a property or general liability claim. While EPLI coverage can be expensive, potential damages arising from an employee claim can be fatal to a firm.

- An EPLI claim can historically settle at \$50,000 - \$150,000, if it doesn't go to court!
- If the case does go to court, damages on average exceed \$300,000, with 10% of wrongful termination suits resulting in damages over \$1,000,000!
- The cost for employers to defend themselves against (even basis-less) claims can exceed \$50,000.

The cost of EPLI coverage is contingent on a few characteristics of your business. The pricing will be determined by the type of business you own, the number of employees you have and some other various risk factors such as whether your company has been sued over employment related practices in the past. After the risk characteristics are established, the final rating pieces are inputted. These are the limit of coverage (ranging from \$100,000 - \$10,000,000) and the deductible (\$1,000 - \$250,000).

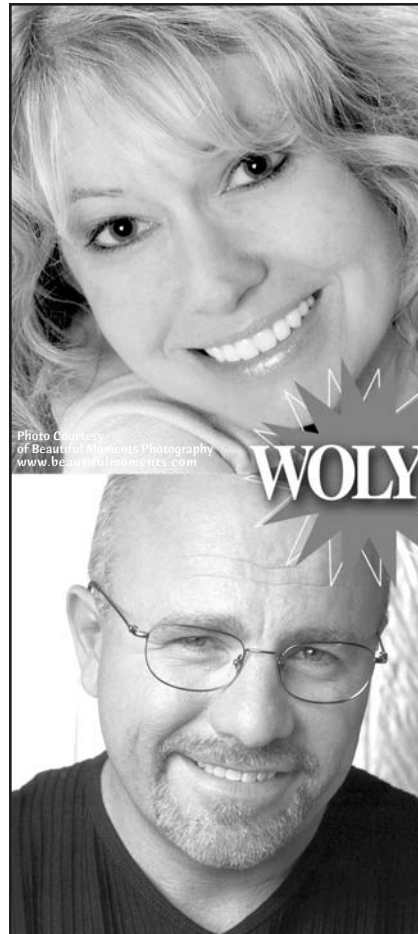
Some areas owners should consider when looking at EPLI options are: Choose an established Carrier based on their experience and financial strength, Select an experienced Agent to help in the analysis of your needs and customize the policy to fit your business.

While thinking about purchasing an EPLI policy, here are some steps to help prevent employee related lawsuits. Proprietors should educate their managers and employees, by:

- Creating an effective hiring and screening process to avoid discrimination in hiring.
- Post corporate policies throughout the workplace and place them in the employee handbooks.
- Show employees what steps to take if they are the object of sexual harassment or discrimination.
- Document, document, document everything that occurs and the steps your business is taking to prevent and solve employment disputes.

For more information, please contact me at (269) 965-3221 or johnp@worgess.com.

John Page is the President of Worgess Insurance. John joined the agency in 1991 after graduating from the Olivet College School of Insurance and became an owner in 2000. He specializes in Mid - Large Commercial Insurance and Group Benefits Insurance.



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