

You Too

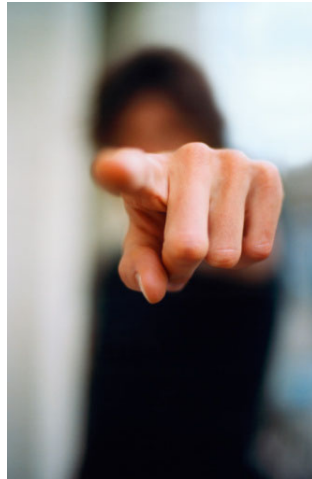
Why employment practices liability insurance makes sense for every business

By Cara Gates

Employment practices liability insurance should be a component of all companies' insurance portfolios. EPLI policies cover businesses against claims made by employees or prospective employees claiming their legal rights have been violated by the company.

Unexpected EPLI claims may put the entire company at risk. A company owner should consider EPLI coverage as essential for protecting the business—it's not a matter of if a claim is made, it's a matter of when. A general liability policy does not provide coverage for when an employee sues the company.

EPLI insurance can protect against various current, past and potential employee claims, including sexual harassment, race, disability, religion or other employ or promote, wrongful creating a hostile work



The premium associated with on the type of business, the other risk factors, such as the employment practices provide a defense for the asserts covered causes of policy, and for judgments and damages covered by the

discrimination based on age, protected classes, failure to termination, retaliation and environment.

EPLI coverage is dependent number of employees and company's history of incidents. The policy can company against litigation that action, per the insurance settlements that fall within the policy.

Coverage under an EPLI policy may not respond to all types of employment practices claims, such as wage and hour disputes, and many policies do not include coverage for punitive damages or civil or criminal fines. Most EPLI policies are claims made, meaning the policy must be in effect when the claim is made rather than when the conduct giving rise to the claim occurs.

The monetary expense to defend against claims and judgments and settlements can be significant. Even if the company is found to be without fault, an EPLI policy is still essential, because the cost to defend a claim is substantial. The average cost of defending and settling an employee claim is approximately \$160,000, according to the Society for Human Resource Management. In addition to monetary elements, the time that must be devoted to defending a lawsuit can result in stress and reduced morale.

Data released by the Equal Employment Opportunity Commission (EEOC) shows there were 72,675 charges of discrimination filed in FY2019. Retaliation claims continued to be the most frequently filed charges, contained in 54% of filings. Also, 33% of the filed

charges contained race accusations, 33% contained disability accusations, 32% contained sex accusations and 21% contained age accusations. Also, the number of LGBTQ-based sex discrimination charges increased in FY2019.

The #MeToo movement continues to be a factor. Sexual harassment claims fell to 7,514 in 2019 from 7,609 in 2018. However, sexual harassment claims are still greater than the 6,696 charges filed in 2017 when the movement began. The monetary value of the EEOC sexual harassment settlements has increased to \$68.2 million in 2019, up from \$56.2 million in 2018 and \$46.3 million in 2017.

All companies, large and small, are vulnerable to EPLI claims. Even if you do everything right, you could still be sued or have an EEOC complaint filed against your company.

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