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Frederick, MD ■ Virginia Beach, VA ■ Richmond, VA
888.439.0479 ■ www.insurance-financial.net

Employment Practices Liability Insurance

Every day, your business, whether big or small, faces the reality of being the target of a lawsuit filed by a past, present, or potential employee. An off-color joke told in the employee lounge, an employee you had to fire, or the potential employee you chose not to hire are all circumstances that could lead to a potential lawsuit. Even if a claim is frivolous or fraudulent, defending it can be expensive.

How do I protect my business and its assets from employee-related lawsuits or claims?

By purchasing Employment Practices Liability Insurance (EPLI). An EPLI policy provides coverage against claims made by past, present, and potential employees, including claims for discrimination (age, sex, race, etc.), sexual harassment, wrongful termination, and a variety of other employment-related allegations. Importantly, an EPLI policy will cover legal costs and expenses, whether your business wins or loses the suit.

Aren't these types of claims covered under my General Liability (GL) policy?

No, such claims are rarely covered under a GL policy.

Why aren't they covered under my GL Policy?

- The majority of employment-related claims aren't accidental and therefore aren't considered an occurrence.
- Injuries suffered in such cases don't constitute bodily injury or personal injury.
- Many GL policies contain specific employment-related practices exclusions.

Would an EPLI policy cover claims made by my clients, vendors, or other non-employees?

Most do not. However, third-party coverage can be purchased for an extra premium, and it covers liability for discrimination and sexual harassment claims by clients, vendors, and other non-employees.

What affects the cost of EPLI coverage?

- Your company's type, size, age, location, and number of employees
- The number of claims and lawsuits previously filed against the company

What I should do?

Making such a personal decision about your options is yours – and yours alone under the law. As your professional independent agent, I can help your company craft an EPLI policy which protects those risks which are unique to you and your business. Our agency's job is to help provide you with information on these choices so that you can make informed decisions.

Private companies are more likely to have an Employment Practices claim than a GL or property claim.

- 3 out of 5 employers are sued by former employees
- 65% of all companies that have ever fired an employee have been hit with an employment-related lawsuit
- \$325,000 is the median compensatory award in plaintiff verdicts
- 40% of EPLI claims are against firms with less than 100 employees