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INSURANCE

A BALDWIN RISK PARTNER

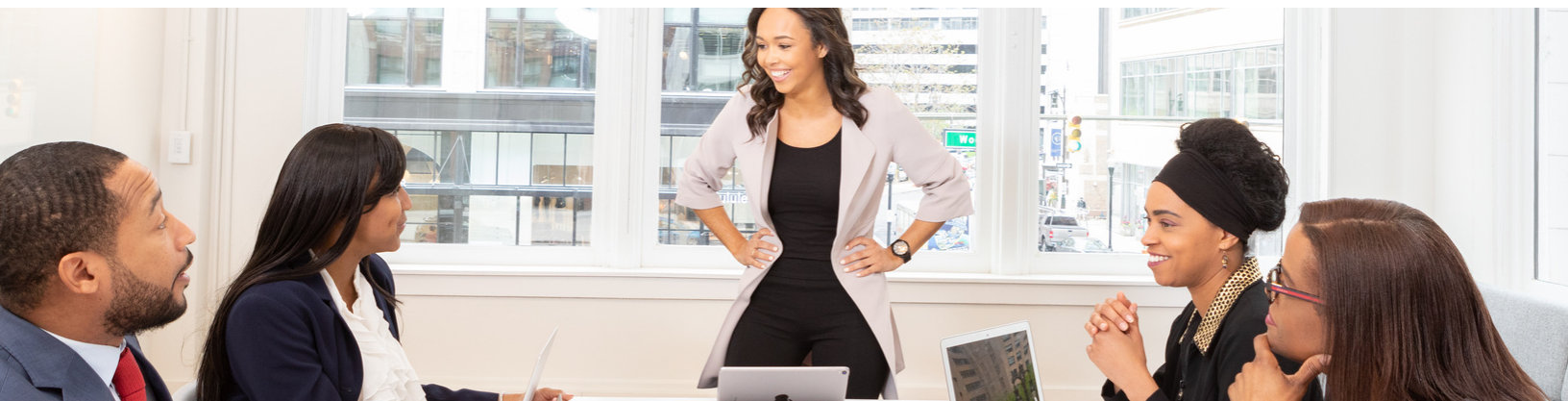
NAVIGATING EMPLOYMENT PRACTICES LIABILITY INSURANCE (EPLI)

Employment Practices Liability Insurance (EPLI) is a type of insurance coverage that protects businesses against claims made by employees or job applicants alleging various employment related issues. These issues can include discrimination, harassment, wrongful termination, retaliation, breach of employment contract, and other violations of employees' legal rights.

WHY EPLI AS PART OF YOUR RISK MANAGEMENT PORTFOLIO:

- Employment-related claims can result in costly lawsuits, including legal defense expenses, settlements, and judgments. EPLI coverage helps businesses handle these expenses, reducing the financial burden on your business.
- Employees or job applicants may file claims against a business for a variety of reasons. EPLI provides coverage for claims arising from employment practices, ensuring the business is protected from potential financial losses.
- EPLI often covers the costs of legal representation for the business. This can be crucial, as legal expertise is necessary to navigate the complexities of employment-related claims.
- Employment-related lawsuits can harm a business's reputation, leading to negative publicity and potential loss of customers or clients. Having EPLI coverage can help mitigate the damage by addressing claims promptly and professionally.
- EPLI often includes risk management tools and resources to assist businesses in preventing employment practices liabilities. This can include guidelines, training materials, and assistance with developing policies and procedures that comply with applicable employment laws.
- Demonstrating a commitment to protecting employees' rights and addressing potential workplace issues can contribute to better employee morale and a reduction in turnover. EPLI coverage can help businesses create a positive work environment and build trust with its employees.

Employment Practices Liability Insurance is important for businesses as it safeguards them against potential financial losses, helps manage legal risks, and promotes a positive work culture. However, there can be nuances to EPLI insurance that can make it challenging to understand fully without the guidance of an experienced Advisor.



WHAT TO BE AWARE OF IF YOU PURCHASE EPLI:

- **Coverage Limitations:** EPLI policies often have specific coverage limits, which represent the maximum amount the insurer will pay for a claim. These limits can vary depending on the policy and may apply on a per-claim or aggregate basis. It's crucial to review and understand the policy's coverage limits to ensure they align with your business's needs.
 - **Exclusions and Conditions:** EPLI policies may have various exclusions and conditions that define what is NOT covered under the insurance. Common exclusions can include claims related to bodily injury, intentional wrongful acts, contractual disputes, and certain types of discrimination or harassment. Policyholders must be aware of these exclusions to understand the scope of coverage provided.
 - **Retroactive Date and Claims-Made Policies:** EPLI policies often operate on a claims made basis, meaning they cover claims made and reported during the policy period. Additionally, policies may have a retroactive date, which is the starting point from which the insurer will consider claims. Understanding the retroactive date and claims-made nature of the policy is essential to determine coverage for past incidents or claims reported after policy expiration.
 - **Duty to Notify:** EPLI policies typically require the insured to notify the insurer promptly when a potential claim arises or when litigation is initiated. Failing to meet these notification requirements can impact coverage. It's crucial to understand and comply with the duty to notify provisions outlined in the policy.
 - **Defense Costs and Retentions:** EPLI policies may include provisions regarding defense costs, which cover legal representation expenses. However, policies can also include a deductible or retention, which is the amount the insured must pay before the insurer's coverage kicks in. Understanding the details of defense costs and any retentions is important for budgeting and determining the financial impact on your business.
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WHAT TO DO IF YOU HAVE A POTENTIAL CLAIM:

When you are made aware of a potential claim, report it as soon as possible to your insurance provider. Prompt reporting is typically a requirement under EPLI policies, and failure to report a claim promptly could potentially jeopardize your coverage.

Key steps to follow when reporting an EPLI claim:

Review the Policy: Familiarize yourself with the terms and conditions of your EPLI policy, including the specific requirements for reporting claims. Pay attention to any time limits or notification provisions outlined in the policy.

Notify the Insurance Provider: Contact your insurance provider or your designated claims representative promptly to report the potential claim. Obtain their specific instructions about how to proceed with the claim.

Key steps continued:

Provide Information: Be prepared to provide detailed information about the nature of the claim, including the events leading up to it, individuals involved, dates, and any supporting documentation or evidence available. This can include written complaints, employee records, witness statements, or any other relevant materials.

Cooperate with the Insurer: Work closely with your insurance provider throughout the claims process. Follow their instructions, provide requested documentation promptly, and cooperate fully during the investigation and defense of the claim.

Consider Legal Representation: Depending on the nature and complexity of the claim, it may be necessary to engage legal counsel. Consult your insurance provider for guidance about legal representation or consider involving your own attorney experienced in employment law.

Document Everything: Keep detailed records of all communications, including dates, times, and individuals involved. Maintain copies of all documents, correspondences, and evidence related to the claim.



Always check with your insurance provider and seek guidance from your broker to ensure you understand what is required of you under the terms of your policy.

WHEN TO BE AWARE OF POTENTIAL INCREASES IN EPL CLAIMS:

Here are a few common factors that can contribute to an increase in EPLI claims made by employees:

- **Increased Awareness and Empowerment:** Now, more than ever, employees are more aware of their rights in the workplace and are asserting those rights. As information about employment laws and regulations becomes more accessible, employees are better equipped to recognize and address potential violations, leading to an increase in claims.

***Note:** As employment laws and regulations change over time, new legislation or court rulings may expand employee protections, redefine liabilities, or create new avenues for claims. These changes can lead to an increase in claims as employees become aware of their expanded rights.*

- **Focus on Workplace Culture and Equality:** There is a growing societal emphasis on workplace culture, diversity, equity, and inclusion. Employers are expected to foster an environment that respects and values employees, free from discrimination, harassment, and other unfair treatment. This heightened focus on workplace culture can lead to more claims being filed when employees feel their rights have been violated.

- **MeToo and Time's Up Movements:** Global movements, such as MeToo and Time's Up, have shed light on sexual harassment and misconduct issues in various industries. These movements have encouraged individuals to come forward and report incidents of harassment, leading to an increase in related claims being filed.
- **Economic Downturn and Layoffs:** During economic downturns or periods of financial instability, businesses may resort to cost-cutting measures, including layoffs or workforce reductions. These situations can lead to claims of wrongful termination, discrimination, or other employment-related issues from affected employees.
- **Increased Litigious Environment:** Society has become more litigious, and employees are increasingly willing to pursue legal action when they perceive their rights have been violated. This cultural shift, combined with the availability of legal representation and potential financial incentives, can contribute to a rise in EPLI claims.

This is not an exhaustive list, and while these factors can contribute to an increase in EPLI claims, not all claims are valid or result in legal liability for the employer.

LOOKING AHEAD

Businesses should be proactive in addressing potential employment practices liabilities, promoting a positive work environment, and considering the appropriate insurance coverage to protect against these risks.

Our experienced team is here to help you navigate the nuances of an EPLI, understand its terms and conditions, and help ensure that you have appropriate coverage for your specific business needs.

[Contact Us](#)



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