

Employment Practices Liability Insurance Protects Your Company from Costly Litigation



Lawsuits against businesses for employment-related acts are on the rise. Sexual harassment, discrimination, wrongful termination and retaliation are just a few of the more high-profile complaints employers face.

Could your company survive a costly, high-profile lawsuit?

Defending such cases can cost your firm tens of thousands of dollars, and full resolution could be a years-long process.

Employment Practices Liability Insurance (EPLI) protects your company from costly litigation. EPLI compensates you for losses from employee lawsuits as well as third-party claims from customers and vendors.

General liability insurance does not cover employment practices complaints, so your company needs EPLI for these risks.

What EPLI covers

- Wrongful termination
- Discrimination
- Sexual harassment
- Retaliation
- Defamation or libel
- Invasion of privacy
- Misrepresentation
- Failure to promote
- Breach of employment contract
- Negligent evaluation
- Mismanagement of benefits
- Violations of various leave laws, including the Family & Medical Leave Act (FMLA)

EPLI helps pay for court costs and legal fees if you are sued, subject to the limits in your policy. An experienced insurance professional who knows the EPLI market can advise you regarding the appropriate limits for your type of business and the size of your company.

Types of policies

- **Claims-made** – applies to claims *filed* while your policy is in force
- **Occurrence-based** – covers claims that *occur* while your policy is in force even if they are *filed* after your policy term ends

Additional coverages (by optional endorsement)

- **Extended reporting period** – extends claims-made policies for a set period of time for covered events that occurred while your policy was in force but are claimed after the policy term has expired. Also known as “tail coverage,” it is often recommended for companies that are changing insurers, businesses that are merging into or being acquired by other companies, or businesses that are closing.

- **Runoff coverage** – similar to extended reporting but runs for a longer period of time. It often is used to protect acquirers or merging companies from claims against the acquired firm.
- **Wage and hour insurance** – often excluded from standard EPLI coverage, this coverage can be added as an endorsement or purchased as a stand-alone product to respond to claims that your company violated wage/hour laws. (Because these claims often affect multiple employees and tend to spawn class actions, they can be financially devastating.)

Other benefits of EPLI

- Meets your company's specific needs through custom design
- Provides access to attorneys specialized in these kinds of complaints
- Helps reduce your exposure to employment practices problems, before a claim happens
- Complements the protection your directors and officers liability insurance provides
- Can be enhanced with excess liability or umbrella insurance
- Provides first-dollar coverage for Equal Employment Opportunity Commission administrative proceedings
- Can be tailored to include prior acts coverage

Give us a call today

Don't let an employment practices claim be a sitting time bomb waiting to blow apart your company. Reach out today to learn more about the various ways we can cover your employment practices liability exposures.

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