



Employment Practices Liability

Overview of Employment Practices Coverage for Small Businesses

Small business owners are vulnerable to employment practices claims brought by employees, leased employees, independent contractors and applicants for employment.

EMPLOYMENT PRACTICES LIABILITY (EPL) coverage provides employers protection against claims alleging wrongful employment practices, such as: discrimination, wrongful termination and harassment. These wrongful employment acts are governed by federal, state and local laws. Coverage provides for both settlements and defense costs within the limit.

COVERAGE HIGHLIGHTS, TERMS AND CONDITIONS

- **Insuring Agreement:** Losses arising out of an insured's alleged wrongful employment acts against employees, recognized volunteers and applicants for employment.
 - Settlement costs: Money the insured is legally obligated to pay
 - Defense costs: Reasonable and necessary fees, costs and expenses resulting solely from the investigation, adjustment, defense and appeal of a claim or suit against the insured
 - Punitive or exemplary damages where permitted by law
- **Duty to Defend Basis:** Coverage provides for the right and duty to defend. An attorney will be appointed to defend any claim or suit brought against any insured for a wrongful employment act or third party violation to which this insurance applies, even if the claim or suit is groundless. If requested, there is consideration given to the insured for an attorney of their choice.
- **Third Party Coverage:** Coverage provides employers protection against claims alleging discrimination or sexual harassment alleged by the insured's clients, customers, tenants or vendors. Available for an additional premium.
- **Supplemental Extended Reporting Period (SERP):** Provides the insured the option to purchase an extended reporting period following cancellation or non-renewal to give notice of claims made during the SERP for wrongful employment acts occurring during the coverage period

- **Automatic Extended Reporting Period:** Provides the insured with protection for a period of thirty days after the effective date of cancellation or non renewal, at no additional premium, to give notice of claims
- **Worldwide Coverage:** Covers wrongful employment acts that occur anywhere in the world, as long as claims are made in the U.S., its territories and possessions, Puerto Rico and Canada

LIMITS, SUBLIMITS AND DEDUCTIBLES

- Portfolio limit options between \$25,000 and \$1,000,000
- Deductibles range from \$2,500 to \$25,000

THE RISKS ARE REAL

- **Retaliation:** A construction company was sued by an employee who was terminated after the company learned that he had cancer. The employee alleged retaliation and disability discrimination for his condition in violation of the Americans with Disability Act (ADA). Settlement: \$100,000 & Defense Expense: \$45,500
- **Discrimination:** A small gift and flower shop owner was sued by an employee for pregnancy discrimination and wrongful termination. The employee alleged that the shop owner had repeatedly treated her differently as a result of her gender and condition. Several fellow employees attested to the treatment by the employer during the investigation. Settlement: \$30,000 & Defense Expense: \$12,000
- **Third Party Discrimination:** A restaurant was sued by a customer who alleged that he was refused service because of his national origin. The restaurant claimed that the customer came in after closing, while seated customers were finishing their meals. Settlement: \$2,000 & Defense Expense: \$25,000