

What is EPLI?



Gallagher

Franchise Solutions

Employment Practices Liability Insurance (EPLI) is coverage to protect your business against employment related lawsuits.

Some examples of instances where EPLI insurance may benefit you as an employer are:

- **Sexual Harassment**
- **Wrongful termination**
- **Discrimination (Age, Race, Gender, Disability, Religious)**
- **Breach of Contract**
- **Hostile Working Environment**



Small businesses generally do not think that they need EPLI coverage, but any business that has employees is a potential target for an employee related lawsuit. Avoiding a lawsuit requires consistent management of employee policies and record keeping. Read below for instances of real life EPLI claims scenarios:

Sexual Harassment

- Repeated comments made by a manager in a morning meeting resulted in a \$350,000 pay out to three former employees alleging sexual harassment.
- A supervisor left her job alleging sexual harassment from her subordinates and was awarded \$900,000.

Wrongful Termination

- Shortly after several female employees complained that the CEO was sexually harassing them, the CEO was terminated under the pretext of performance regardless of the recent raise he was given. Over \$200,000 was paid out on the wrongful termination suit.
- A human resources director was advised to terminate an investigation of allegations of sexual harassment by an employed doctor. She was subsequently terminated from her position and was paid \$300,000 in her wrongful termination suit.

Racial Discrimination

- A customer of Indian decent sued a retail store sued for racial/ethnic discrimination after an employee was caught on surveillance dancing around the store with a towel on his head. The customer was awarded \$420,000.
- An overnight supervisor dismissed after being found sleeping on the job at a facility for disabled adults, successfully alleged racial discrimination and received \$80,000. The majority of the supervisors of the company were the same race.

Religious Discrimination

- An employee of a company won a \$117,000 claim after it was learned that she was not a Christian and she was passed up for a promotion. The company had stated that they would only hire Christians.

Disability Discrimination

- When a retailer told a disabled job applicant that they had no openings for persons in wheelchairs, they found themselves with a \$3.5M jury verdict.

Gender Discrimination

- A compensation of \$2.3 Million was awarded to female employees of a company requiring a strength test for career advancement. 100% of those that passed the test were men.

Hostile Working Environment

- An African-American sued after quitting his job, alleging that his supervisor created a racially hostile environment and that an outranking African-American manager failed to investigate the complaints. \$1.6M was awarded.
- A volunteer associated with the facility alleged that a resident created a hostile environment through intimidation and harassment. The volunteer claimed that the facility was liable since it did nothing to curtail the intimidation and harassment when she advised the administrator. The insurer provided a judgment costing \$125,000 through summary judgment rendered in favor of the Insured.

- A former Sales & Marketing Administrator making \$75,000 annually claimed that her employer terminated her rather than reach accommodation concerning surgery and recuperation for a diagnosed ailment, which the Administrator claims resulted from a work-related injury. Settlement was achieved during a court-ordered mediation. The insurer paid a mediated settlement amount of \$50,000 to claimant and her attorneys, representing four months' salary, and her fees and costs in the action. The insurer also paid \$50,000 defense costs.

Age Discrimination

- A 62 year old sales representative successfully sued his employer for age discrimination because the company failed to document the employee's poor performance in not meeting his sales quota. The representative won over \$1,000,000 in the suit.

Breach of Contract/Misrepresentation

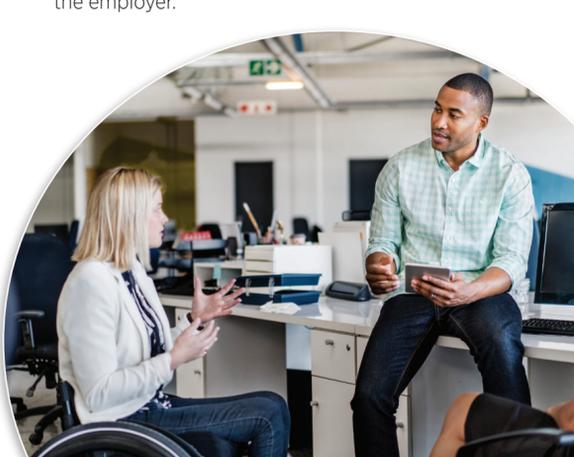
- A medical professional brought about an EPLI suit when his medical practice failed to provide an adequate patient load, support staff and office space for his needs. The doctor was paid \$650,000 for breach of contract and misrepresentation.

Harassment & Emotional Distress

- An invited guest of a summer associate to a picnic was subjected to derogatory remarks by an alcohol fueled partner while other partners stood by idle. The harassment and emotional distress claim resulted in a \$250,000 award.

Wrongly Calculated Disability Payments

- More than six years after disability payments began, permanently disabled employee and his wife determined that benefits had been incorrectly calculated as based on definition of wages in prior plan that did not include bonuses or commissions. They made demand upon the disability carrier and employer for unpaid benefits, emotional distress and consequential damages (including loss of the family home and increased medical bills) allegedly due to smaller benefit payment. They subsequently made demand upon the benefits carrier for interest and employer for increased income taxes. Disability insurer recalculated benefits paying excess of \$80,000 as well as \$10,000 for interest. Insurer (Fiduciary) paid \$6,300 for legal fees incurred defending the employer.



Even the most conscientious employer can still face an employment practices lawsuit. **Protect your business and your financial future with EPLI. We will be happy to walk you through the process of properly protecting your business and getting you covered the way you should be.**

Source: Zywave, The Hartford, New Empire Group Ltd., Gallagher Franchise Solutions

