

Questions Clients Frequently Ask About Small Business EPL Insurance

What is Employment Practices Liability Insurance?

Employment Practices Liability (EPL) Insurance provides businesses and employees coverage for claims made against them that happen as a result of wrongful employment practices such as:

- Discrimination
- Harassment
- Retaliation
- Termination
- Constructive discharge
- Failure to hire, negligent supervision and wrongful demotion
- Failure to accommodate an employee with a disability
- Personal injury: infliction of emotional distress and humiliation, defamation and invasion of privacy.

What is Small Business EPL?

This product is specifically designed for small to mid-sized businesses in various industry segments to provide coverage for claims made against them that happen as a result of wrongful employment practices.

Who is covered under the Small Business EPL Policy?

Monitor Liability Managers, Inc. offers you protection against claims made by employees, former employees or potential employees. That protection extends not only to your company but to management, employees and directors as well. Coverage includes part-time, temporary, leased and seasonal employees.

Why do I need EPL Insurance coverage?

Your business needs EPL Insurance coverage because studies show that an employer is more likely to have an EPL claim than a General Liability or Property loss claim.

(Continued on reverse side)

Consider the following:

- Claims for harassment, wrongful termination and discrimination are on the rise, which means you face a greater chance of your business being the target of legal action.
- The Equal Employment Opportunity Commission (EEOC) recorded nearly 83,000 charges in 2007.
- Private companies with 100 or less employees are the most often sued for federal discrimination claims.
- The average cost of an EEOC lawsuit in 2007 exceeded \$140,000.
- In 2007, the EEOC obtained more than \$345 million in settlements for claimants.
- According to the EEOC, over a one-year period, pregnancy-related discrimination charges increased more than 14 percent and sexual harassment charges increased by 4 percent, with a record 16 percent of those sexual harassment charges filed by men.*

**Statistics provided by the U.S. Equal Employment Opportunity Commission (www.eeoc.gov).*

Competition is challenging and businesses always have to examine expenses including their insurance protection costs. Some businesses may even consider going without EPL coverage to save some money. However, going without this important insurance protection can cost you more than you think.

Does my Business Owners Policy (BOP) or General Liability (GL) policy address my EPL exposure?

Many small business owners carry a standard Business Owners Policy (BOP) or General Liability (GL) policy. Most of them don't know about the EPL exposures not covered by these types of policies. Business owners are often unaware of gaps in coverage that can leave them exposed to substantial losses. These losses can destroy a growing company and even endanger the personal assets of a small business owner.

Having an EPL endorsement on your BOP or GL policy doesn't mean that you have the coverage you need to fully protect your business. Check with your agent to see if you have the correct amount of coverage for your EPL exposure.

What limits should I have?

Appropriate policy limits for your company depend on the nature of your business, finances and employee size. Consult with your agent.

What are the costs if I choose to self-insure this type of exposure?

Based upon the allegations of the claim and the evidence, employment claims can cost your organization from the hundreds to the millions of dollars and are too variable to predict.

A Monitor Small Business EPL policy can help you manage the risks and avoid the burdens of employment-related claims including:

- Litigation expenses
- Time spent away from your business
- Stress and emotional toll on management and employees
- Negative publicity
- Damage to the reputation of the business and its owner
- Potentially devastating financial settlements.

What happens if a claim occurs?

Monitor maintains a full-time, dedicated in-house team of claims management and legal professionals to ensure that if a claim arises, you get the personalized, detailed attention you expect. Monitor has long-standing relationships with experts in all aspects of employment practices liability and draws on the specific knowledge and experience of industry professionals to help deliver highly specialized services. We pride ourselves not only on managing claims to optimal resolution, but also on helping to prevent claims from arising in the first place.

What other precautionary steps can I take to avoid an EPL claim after I purchase coverage?

All businesses should create a work environment that is free of discrimination and harassment. The first step is to develop and follow employment practices procedures and policies. Because most business owners are too busy to design proactive and preventative employment practices policies and procedures on their own, Monitor supplies all new Small Business EPL policyholders with an interactive CD, "Guidelines for Reducing Exposure to Employment Lawsuits." This CD provides guidelines, tips and in-depth information about reducing your exposure to employment practices liability. In addition, there is unlimited access to a toll-free employment practices liability hotline that provides expert advice about your specific EPL question, issue or concern.

