

**EMPLOYMENT PRACTICES LIABILITY:**

# Playing by the book doesn't always mean you're in the clear

The numbers and facts behind one of your greatest risks.



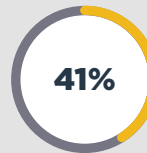
Current and former employees and third parties, such as customers or vendors, can all bring employment practices liability (EPL) claims against you, for any number of reasons.



Your business is three times more likely to face an EPL lawsuit than it is to experience a fire.



From discrimination to retaliatory discharge, companies with 100 or more employees can expect at least one employment liability claim every three years.<sup>1</sup>

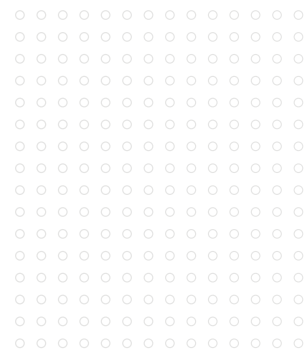


Up to 41% of EPL lawsuits are brought against private companies with fewer than 100 employees.

## How employment practices liability insurance (EPLI) helps

Defending an EPL claim can easily take a year's time, consume huge amounts of money and resources, and distract you from normal business operations.

EPLI covers an employer's defense costs and direct losses resulting from employment-related claims, including wage-and-hour disputes and allegations of discrimination, sexual harassment, retaliation and wrongful termination.



<sup>1</sup> Westlaw, 2012-2013 Edition of Jury Award Trends and Statistics

# EPL MISCONCEPTIONS VS. REALITY

Until recently, only about 30% of privately held companies purchased EPL coverage,<sup>2</sup> but that number is rising fast as companies learn the truth about how exposed they really are.

## MISCONCEPTION #1:

I have a great relationship with my employees.  
I don't have an employment liability risk.

**99K+**

### REALITY:

In 2017, the Equal Employment Opportunity Commission (EEOC) reported the filing of 99,109 retaliation and discrimination claims.<sup>3</sup>

Statistics show that employees and other plaintiffs win up to 67% of EPL cases.<sup>4</sup>

Even a single employee complaint can draw attention to your business and spark a larger class action lawsuit. EPLI covers claims filed by any employee or customer — including the ones you have a great relationship with.

## MISCONCEPTION #2:

If I did nothing wrong, I don't need to worry about an EPL claim.

**\$300K**

### REALITY:

It doesn't matter if you're innocent. Regardless of outcome, the average EPL claim takes just under a year to resolve, costs up to \$300K,<sup>5</sup> and can bring with it reputation-damaging accusations against your management and employees.

While settlements can minimize exposure, the cost to your business will still be significant. EPLI can help resolve a claim efficiently and minimize its financial impact.

## MISCONCEPTION #3:

My general liability policy covers employment liability claims.



### REALITY:

General liability and other business insurance policies apply only to bodily and advertising injury and property damage. They specifically exclude employment-related claims.

Up to 25% of EPL lawsuits result in judgments of \$500K or more.<sup>6</sup>

Without EPLI, you'll be left to defend a costly employment practices-related claim on your own.

2 Chubb's 2013 Private Company Survey

3 EEOC. <https://www.eeoc.gov/eeoc/newsroom/release/11-15-17a.cfm>

4 Insurance Journal. <https://www.insurancejournal.com/magazines/features/2014/01/13/316347.htm>

5 Complete the Picture — A Spotlight on the EPLI Market, Advisen Ltd.<sup>6</sup> The 2015 Hiscox Guide to Employee Lawsuits. <https://www.hiscox.com/documents/The-2015-Hiscox-Guide-to-Employee-Lawsuits-Employee-charge-trends-across-the-United-States.pdf>

6 The 2015 Hiscox Guide to Employee Lawsuits. <https://www.hiscox.com/documents/The-2015-Hiscox-Guide-to-Employee-Lawsuits-Employee-charge-trends-across-the-United-States.pdf>

## Protect what matters most

We can advise you on how to manage confidently in a changing business landscape, and help tailor a plan to protect your organization, brand and assets from EPL claims.

Contact a HUB employment practices liability expert at

[hubinternational.com](http://hubinternational.com)