

EPLI

What It Is and Why You Need It

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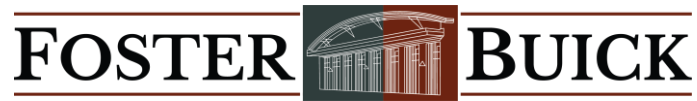
We live in a litigious society. Everywhere we go someone is suing someone for something. This is especially true in employment scenarios. This is a typical situation: Billy has a bad day at work. He's mad at his supervisor for making him work overtime. Billy posts on his social media page the details of the situation from his perspective. Billy then gets ten of his closest friends commenting on the post. The posts all say the same thing, in essence, "That's illegal!" "They can't do that!" "You should sue them." And so, it begins. More times than not, Billy's supervisor has done nothing illegal; however, that does not mean Billy can't sue the employer anyway. So, let's say you are Billy's employer...what do you do when you get that first letter from the over-eager attorney trying to get a quick buck for his client?

SOME STATISTICS:

- In the past 20 years, employee lawsuits have risen 400%
- 41.5% of employee lawsuits are brought against businesses with less than 100 employees
- The average length of time to resolve an employee lawsuit is 18 – 24 months
- Only 23% of businesses with 100 or fewer employees have EPLI
(1)
- In 2017, Illinois had the sixth most employment charges filed with the Equal Employment Opportunity Commission (EEOC)
- There was a total of 4,392 employment charges filed in Illinois and 84,328 employment charges filed in the United States in 2017
(2)

If you have properly prepared for this situation by utilizing your attorney and your insurance carrier, you send the letter off to your insurer and take a deep breath. If you are not prepared, you panic. The number one way to be prepared: Get EPLI! What is EPLI? EPLI stands for Employment Practices Liability Insurance. It is generally a rider to your general business insurance policy. Yes, it costs extra and, yes, you may never need it. But if you do need it, the premiums you have paid for that rider will be far less than any potential lawsuit you could be forced to defend. The cost to have EPLI can be anywhere between \$250.00 and \$2,500.00, depending on the specifics of the policy. (3)

EPLI generally covers claims that allege any type of discrimination, harassment, wrongful termination, retaliation, etc. made by current, former, and potential employees (depending on your specific policy). If you are faced with any of these types of claims your EPLI will, more or less, take care of everything for you. Yes, you will need to be involved in providing documents, interviews, etc. to assist the attorney retained by your EPLI carrier in defending the claim, but the brunt of the work will be off your shoulders. The EPLI carrier will pay the attorney fees, costs, and even judgments and settlements that are non-punitive, on behalf of the employer. Considering that the average cost to defend and resolve employment charges is approximately \$125,000.00, having an EPLI policy could be the difference between your business continuing on and going bankrupt. (4)



ATTORNEYS AT LAW

There are other things you can do, aside from obtaining proper EPLI to protect yourself from these types of lawsuits. Specifically, ensuring you have very detailed employment policies and employment handbooks could nip any potential lawsuit in the bud right from the word, "Go." Having these policies is one thing but ensuring that these policies are effectively communicated to all employees, managers, and supervisors is paramount. Finally, it is important to properly train and inform your employees, managers, and supervisors on how to prevent discrimination, harassment, and the like in the workplace. Some insurers even give discounts to employers that engage in such trainings with their employees.

What it comes down to is the benefits far outweigh the risks when it comes to obtaining EPLI.

Contact us if you would like to review your current employment policies and/or employment handbooks to ensure you are prepared for this situation, however unlikely it may seem to be.

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1. **Trusted Source.** <https://www.trustedchoice.com/business-insurance/liability/epli/>. [Online] [Cited: October 12, 2018.]
 2. **Equal Employment Opportunity Commission.** https://www1.eeoc.gov/eeoc/statistics/enforcement/state_17.cfm. [Online] [Cited: October 12, 2018.]
 3. **General Liability Shop.** <https://www.generalliabilityshop.com/about-general-liability-insurance/epli-insurance/>. [Online] [Cited: October 12, 2018.]
 4. **JUSTWORKS.** <https://justworks.com/blog/what-is-epli-and-does-your-company-need-it>. [Online] November 9, 2017. [Cited: October 12, 2018.]

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