



# From Early 2000's to Now: the Evolution of Staffing Claims

## FROM FORKLIFT CLAIMS TO CYBER-ATTACKS, WAGE & HOUR LAWSUITS AND MORE

Clients or prospective clients will commonly ask us the types of claims we've seen others in the industry face. There was a time when it was very straightforward, especially for light industrial staffing firms. Back in the early 2000's, Assurance saw two types of claims for staffing clients: either a forklift driver damaged the client's property, or someone was ghost payrolling or forging checks.

Today, the range of claims has changed dramatically. Client property damage from forklift drivers still happens, and ghost payrolling can also sometimes occur. However, we've seen a much wider array of claims including more sophisticated schemes to try to file suits against a staffing company.

### Employment Practices Liability

Probably the single largest increase in claims comes from Employment Practices Liability (EPLI). With the EEOC and Department of Labor changes from 2008-2016, the number of suits filed, and average costs of those suits has increased dramatically. These allegations include discrimination, wrongful termination and other suits covered with most EPLI policies.

However, there are many claims that have become much more commonplace where EPLI coverage is either excluded or might be very limited. Most common are wage and hour lawsuits with allegations from employees that proper minimum wages, overtime pay, or employee break laws were not followed properly. Although there was a time where we only saw these claims in California, there are very few states that haven't allowed for these types of suits. In addition, the suits are often on a class action basis, so the costs will add up quickly.

### Cyber Liability

The entire insurance marketplace has seen cyber liability and cyber-related lawsuits increase dramatically. This coverage was not purchased by more than 90% of companies 5 years ago, while today it's seen as an integral part of a risk management program. Assurance has a specialist in this area to help us determine our clients' biggest needs in a cyber liability package and whether existing protections are in place in third party agreements to make sure your company is not at risk. Cyber coverages and protections can affect all aspects of your business and should not be underestimated.

### Director's and Officer's Liability

Director's and Officer's lawsuits are also on the rise and not just in the public sector. Private companies going through an acquisition will often see suits arise from a disgruntled shareholder, or a company will hire a new salesperson with a non-compete agreement and will be sued by the former employer. We expect to see these types of lawsuits continually increase in the coming years.



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