



# Employee Lawsuits, Complaints and the Definition of a Claim

## WHY TIMELY REPORTING IS CRITICAL FOR EMPLOYERS

Did you just get served with a lawsuit? Have you received notice that a former employee filed an administrative complaint with the EEOC? Did an employee or customer verbally tell you they felt your conduct was discriminatory? Each of these scenarios likely requires you to promptly contact your insurance company and report the occurrence as a claim to qualify for coverage.

Why? Well, your insurance policy is a contract between you and your insurance company. Your policy contains terms, conditions and obligations that you must comply with to ensure the full benefits of the insurance you purchased. As such, policyholders have an obligation to timely report a claim, sometimes referred to as an incident or occurrence, to their insurance carrier.

Today, almost all policies contain a definition of “claim” which can be found in the Definitions Section of your policy. Every policy (e.g. employment practices, general liability, directors & officers, etc.) contains their own, unique definition of a claim. For instance, a claim can be a(n):

1. Written demand for monetary, non-monetary or injunctive relief
2. Civil, criminal, administrative, regulatory or arbitration proceeding; service of a complaint
3. EEOC, Department of Labor, or other state, federal or local administrative complaint
4. Written or verbal notice that someone intends to hold you responsible for a loss
5. Knowledge of an occurrence that could give rise to a claim in the future

## What are some best practices when a loss may qualify as a claim?

If you're not sure whether something qualifies as a claim, contact your broker or carrier to determine whether you're required to provide notice. Failure to comply with the policy's provisions for untimely notice of claims may jeopardize your rights to coverage. You should also make certain that those individuals in your company who are responsible for receiving notifications of claims are aware of the procedures to follow in the event of a claim and discuss with them what may qualify as a claim.

Timely notice of a claim is essential to ensuring coverage. Every policy outlines reporting procedures in detail in the notice provisions of your policy. Please take some time and review those provisions and maximize the benefits of the policy you purchased to protect your interests.



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