



Employment Practices Liability – Are You Protected?

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Is your practice protected in the event an employee files a claim against you for the following allegations?

- Discrimination (age, sex, race, disability, etc)
- Sexual Harassment
- Retaliation
- Wrongful termination
- Other Employment related allegations

According to statistics released by the Equal Employment Opportunity Commission (EEOC), the agency received over 7% more charges in 2010 than it did in the previous year - 99,922 compared to 93,277. It was the highest number of cases in the agency's 45 year history.

These numbers should not come as a big surprise to employers in light of the number of layoffs that occurred in 2010. Many of the employees affected by these layoffs have had difficulties finding new employment in the down economy. The economy has and will continue to have a direct impact on the number of cases filed against employers.

Employment Practices Liability protects organizations (medical practices) and individuals from the financial costs resulting from employment related claims made by employees, former employees, or potential employees. The average EEOC complaint takes over one year to handle and typically costs thousands of dollars. If the case ends up in court, defense costs could easily reach the high five and six figures.

In addition to purchasing Employment Practices Liability Coverage here are some loss prevention measures you can use in your practice:

- Use an Employee Manual/Handbook that includes an at-will employment provision, signed acknowledgement that the employee has received and read the handbook, procedures for handling employee complaints of harassment and discrimination, information on the Family Medical Leave Act Policy, Privacy Policy, and Americans with Disabilities Act/Reasonable Accommodation policies.
- Conduct supervisory training on a regular basis and review zero tolerance to all forms of harassment and discrimination.
- Develop hiring protocols by using an employment application with an at-will statement and an equal employment opportunity statement. Train interviewers as to appropriate or inappropriate questions to ask during the interview process.
- Complete employee evaluations on a regular basis, at least annually, using complete written, uniform, systematic, and objective evaluations of each employee. Provide areas and opportunities for employees to respond to the evaluation.
- Develop disciplinary action and termination procedures.
- Conduct exit interviews in all cases of termination.

When an employer purchases Employment Practices Liability Coverage the insurance company may often provide the employer with risk management resources to reduce claims in the future for little or no additional cost.

Before your practice is faced with the high cost of defending an employment related claim seek the guidance of an insurance professional and purchase Employment Practices Liability Coverage. In the event of a claim you will be more than happy you did.

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