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Elements of an EPLI policy

In today's litigious society, businesses are susceptible to a host of employment-related lawsuits, including claims of discrimination, sexual harassment, wrongful termination, and invasion of privacy. Such claims stem from employer monitoring of voicemail, email, office computer systems, and the Internet, as well as daily interactions between staff and management. The increase in these liability claims has fueled the need for a different type of insurance coverage—employment practices liability insurance (EPLI).

Policy Issues

EPLI policies generally cover suits brought against employers, directors, officers, and supervising employees. Coverage usually includes expenses relating to legal defense, indemnity for liability, and administrative hearings or actions.

EPLI coverage may exclude suits involving employees hired under nontraditional employment arrangements, such as independent contrac-

tors, consultants, and volunteers. It may also exclude claims involving employment-related defamation, misrepresentation or fraud, occupational health- and safety-related issues, and unfair labor practices.

Coverage Terms

Business owners who purchase EPLI insurance should focus particular attention on policy language that will provide the appropriate coverage for their businesses. Policy terms that may cause confusion include the following:


- **Defined vs. Undefined.** The use of specific definitions of coverage may provide a threshold for claims to be tested; in other words, coverage will only be granted for a claim if it meets the express definition contained in the policy. Conversely, undefined terms written ambiguously in the policy may cover *all* claims, unless otherwise excluded.
- **“Consent” vs. “Confer.”** When choosing legal representation,

the right of “consent” grants an insured business veto power or authority to influence the insurance carrier's selection of counsel. Likewise, the right to “confer” allows a business owner to participate in the selection process *without* the authority to make the final decision.

Directions for Loss Prevention

An EPLI policy tailored to the company's needs *combined* with a proactive employment practices program may provide the best road map to guide businesses safely through employee claims. Companies may consider the following practices to help protect against liability:

- Designate a human resources manager who has knowledge of current employment laws, and give him or her the authority to facilitate a forum for employees to discuss potentially liable issues in a safe environment.
- Establish and maintain a current human resources policy manual



Did You Know?

The basic three: life, health, and disability insurance

The sudden loss of a loved one, sustaining a serious injury, or becoming seriously ill can bring financial and emotional stress to your employees and, therefore, to your workplace. However, offering life, health, and disability income insurance policies as an employee benefit can help your workers prepare for these unfortunate situations should they arise.

Life Insurance

The death of a loved one is an unfortunate reality everyone must face at one time or another. If one of your employees dies unexpectedly, his or her family may be faced with some surprising financial challenges. All expenses will continue, despite the sudden, very noticeable loss of income. Funeral costs, mortgages, and other outstanding debts, as well as daily expenditures, add to the burden. Providing employees group life insurance or offering employees the option to buy into a policy can help them feel secure that, in the event of untimely death, their families will at least have some of the burden eased through insurance. To protect your business from the loss of a key employee, consider obtaining key-person life insurance, which covers your business for losses sustained in the event of that valuable person's death.

Health Insurance

Staying healthy is an important part of ensuring an employee's well being. Offering a group health insurance policy can help an employee afford any necessary medical attention and expenses. Health insurance is also a benefit that will help you attract and retain a quality workforce. Currently, there are four major types of health

insurance: 1) fee-for-service, also known as a conventional policy; 2) health maintenance organizations (HMOs); 3) preferred provider organizations (PPOs); and 4) point-of-service (POS) policies. Each plan offers its own benefits and limitations, so be sure to carefully evaluate what works best for your organization.

Disability Income Insurance

According to the Insurance Information Institute (2007), 43% of all people age 40 will suffer a long-term disability (lasting 90 days or more) by the age of 65. Yet, disability income insurance is an often over-looked insurance policy. While employers generally recognize a need for a group life policy or a group health insurance policy, they often forget the importance of insurance for employees' paychecks. If, due to a severe illness or injury, one of your employees is unable to work for an extended period of time, a disability income insurance policy provides a source of at least partial replacement income to help him or her cover financial obligations.

There are a variety of disability income insurance policies that tend to differ in their coverage options. It is important to check the policy's definition of disability. Some may provide benefits only to those who are totally disabled and unable to work in any field. To protect your business from any loss that may occur should a key employee become disabled, consider the benefits of key-person disability insurance, which covers your business for losses sustained in the event of that valuable person's disability.

Regardless of which plans you choose, we can help you pick a group policy that protects *you* and *your employees*.

Security Challenges

Managing security remains the biggest IT challenge for organizations, according to a 2007 survey by Accenture and CMP Technology's InformationWeek. Results showed that U.S. companies spend an average of 12% of their IT budgets on security. Over the past year, 49% of businesses suffered from a computer virus, but only 6% suffered a publicized data breach or loss. Of the IT professionals surveyed, 39% expect to increase spending on security this year.

Social Responsibility Issues

Social responsibility is increasingly important to executives, a survey by recruitment firm TheLadders.com revealed. Of the executives surveyed, 87.3% said they would not work for a company with a reputation for negative social responsibility, and 89.2% agreed that companies with the ability to make a positive impact on society have a duty to do so. In addition, 45.1% of respondents said their own companies participate in or contribute to numerous charitable events and organizations.

Pension Freezes Slowing

The rate of plan freezes among companies with defined benefit plans has slowed among Fortune 1000 companies, according to a survey by Watson Wyatt. Results showed that the percentage of sponsors freezing their pensions dropped to 4% in 2007, from 7% in 2006. Additionally, 59% of companies with a defined benefit plan open to new hires indicated that they intend to keep their plans open.

For Your Information



Veterans in Business

According to the United States Association of Veterans in Business (USAVETBIZ), companies owned by veterans represent at least 15% of all businesses in America. They suggest that there are thousands more veteran-owned businesses that remain undocumented as such; their mission, therefore, is to advocate for veterans in business and to increase public awareness and patronage of businesses owned by veterans. For more information, visit www.usavetbiz.org.

Business.gov Expands

Business.gov, the official link to the U.S. government, which is managed by the Small Business Association (SBA), has responded to feedback from business community users by expanding its website. The new “Permit Me” tool has been developed to help businesses determine their federal, state, and local permit and professional license requirements. In addition, “Feature Topics” have been added to address common regulatory and compliance concerns in plain language for business owners.

Resources for Women Entrepreneurs

The U.S. Department of Labor (DOL) and the U.S. Small Business Administration (SBA) have recognized the role that women play in the U.S. economy. To keep attention focused on women's issues in business, they have partnered to create www.women-21.gov. This website offers key resources, targeted information, registration for online programs, and networking opportunities to help women entrepreneurs navigate the ever-changing business world.

Securing your business—inside and out

Crime and violence seem to be everywhere—on the nightly news, in the movies, on television programs, and maybe even at the business down the street from you. Despite this fact, you may think it will never find its way to *your* company. Unfortunately, crime is often random in occurrence, and there's no way of knowing who will be the next victim. Regardless of the type of business you own, workplace security is essential. Fortunately, there are things you can do that may help make your business more resistant to crime.

Protection from the Inside

- **Lights**—Bright indoor lighting may enable the police or others in the area to notice suspicious activity that may be occurring inside. With this in mind, try not to allow window displays to block the view from the street.
- **Strategic placement of goods**—To prevent a burglar from working efficiently, position valuable products or money around the office (rather than all in one place), and keep them far away from exits.
- **Alarm system**—The best type of alarm is one that silently alerts the police station or a private security agency directly. However, even an on-site alarm that rings loudly can help scare off burglars or attract the attention of someone nearby.
- **Card access system**—With this system, employees are given cards that enable or restrict their access to various areas of the business. Card access—which is used mostly



by large companies with many employees—may prevent break-ins after hours, as well as internal theft.

- **Video surveillance**—While cameras may not succeed in preventing a burglary, they may be useful in *identifying* and *convicting* criminals.
- ### Protection on the Outside
- **Quality doors and locks**—Consider purchasing steel doors and deadbolt locks that resist kicking, drilling, and beating, which may hamper a criminal's efforts.
 - **Smart landscaping**—To help minimize and eliminate easy hiding spots for burglars, try not to surround your business with trees and shrubs.
 - **Lights**—Make sure that lights illuminate each possible entrance to your building, including doors, windows, and large vents. Protect the lights with clean plastic coverings and connect them to an emergency power supply.
 - **Alarm decals**—Even if you don't have an alarm, a sticker with the name of an alarm company may trick a burglar into believing that you do.

All too often, it takes an actual burglary to encourage business owners to consider preventative measures. Ideally, improving workplace security should take place before you find yourself a victim of crime. In addition, consider increasing your protection by obtaining the proper **crime insurance** coverage. Take time to protect your business and get proper insurance coverage *before* a burglary occurs. For a review of the options available, please stop by or call us.



Elements of an EPLI policy

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that includes written guidelines for grievance procedures, discrimination issues, sexual harassment issues, and termination.

- Require managers to obtain training for hiring, conducting performance evaluations, and terminating employees.
- Conduct employment practices audits.

Cause for Consideration

As with all insurance, the decision to employ EPLI insurance should be made with careful consideration. Some EPLI coverage is only offered in certain states; therefore, companies with operating facilities in several states should ensure their policy provides coverage for all facilities. In addition, because the risk of potential EPLI claims may be directly associated with the size of

a company, smaller or family-owned companies employing few non-related workers may believe they face minimal exposure to liability. Before deciding whether your company may or may not be immune to the risks of employment-related lawsuits, you may want to consider speaking with one of our qualified insurance professionals. We will help you evaluate your employment practices liability needs.

Do you need rental car insurance?

The cost of **rental car insurance** continues to increase each year. While, understandably, you may feel compelled to decline this coverage from the rental car agency, make sure you consider the following points first.



If you have a **personal** auto policy in place, you may have liability and physical damage coverages that apply to the use of a rental vehicle. If you are

relying upon a **business** auto policy to cover a rental vehicle, it is necessary to carry **hired vehicle** coverage (often denoted by symbol 8 on the policy's declaration page).

If your credit card company offers rental car coverage as part of its membership benefits, you also need to understand the specific terms of that coverage. Although most standard credit cards do *not* provide any protection, many of the more preferred credit cards, such as "platinum" or "gold" cards, provide secondary rental car collision-damage coverage.

If you still find you have insufficient coverage through these sources, you may want to consider purchasing additional insurance offered by the rental company. Insurance purchased through a rental car company provides the following important protections:

- **Collision Damage Waiver (CDW).** Sometimes called a Loss Damage Waiver (LDW), this coverage pro-

vides protection if your rental car is damaged or stolen.

- **Liability Coverage.** Rental companies are required by law to offer the minimum level of liability insurance required by your state; however, this may not be enough to cover the damages resulting from a serious accident.
- **Loss of Use.** If you are in an accident, the rental company may charge you for the amount of money and time it lost since the vehicle could not be rented to other customers. Most auto insurance policies do not cover this portion of a loss, though it may be provided as a part of the CDW or through credit cards.

Making sure you have all the facts regarding the coverage options for rental car insurance is imperative. Before your next trip, please give us a call; we can evaluate your situation to help make your decision easier.