



# Don't Neglect Employee Practices Liability Coverage



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**T**he “Me Too” movement of 2017 was a game changer for how men and women interact in the workplace. While the movement began in the entertainment industry, it didn’t take long for its ideals of fairness and equality to permeate the political world as well as virtually every other American workplace.

The lessons learned about an employee’s right to a safe, harassment-free workplace are here to stay, and employers need to be hypervigilant about situations that could cause them legal problems down the road. Circumstances could include blatant discrimination because of an employee’s gender, sexual orientation, ethnic background, religious preferences, and other factors as well as more subtle types of discrimination, such as pay inequality or denial of promotion.

The CEO of a company is not only responsible for their own behavior but also for any acts of discrimination or harassment by their employees. There are several steps one can take to train employees about mandatory workplace rules, but Employee Practices Liability Insurance (EPLI) is an essential foundation of any protection plan. Not only does EPLI provide direct financial protection against losses, but with a speedy resolution through insurance, it can minimize low employee morale and reduced productivity

associated with an employment practices claim.

EPLI covers your risk due to employment-related lawsuits, such as discrimination, sexual harassment, wrongful termination, workplace harassment, worker retaliation, and other similar infractions. Policies can differ widely in their rates and coverage, so be sure to look for one that includes these helpful features:

- A broad definition of the insured that provides coverage for all related parties, including directors, officers, and employees.
- Prior acts coverage, to include incidents that may have occurred prior to the policy initiation date.
- No exclusion for intentional acts such as employment termination, demotion, or alleged failure to promote.
- Third-party liability protection that covers vendors, independent contractors, and temporary employees, among others.
- Wage-and-hour defense cost, which covers claims from employees claiming unfair compensation.
- Social media coverage, for claims arising out of a lack of rigorous vetting surrounding these communications.

In addition to getting the proper insurance protection in place, you can work with your HR department to develop rules

and processes for governing workplace behavior. Perhaps most important is to circulate a code of ethics by including it in your employee manual—which every business should have—and have employees sign off on its contents. The code of ethics should state a zero-tolerance policy for discrimination and harassment, with a thorough internal investigation conducted for all possible infractions. Another component of your company’s policy should include a comprehensive background investigation of potential hires to uncover any past incidents that could affect their employment eligibility.

While it may cost you in the short run, you will sleep better knowing you are taking a necessary step to protect your business. Your Atlas insurance agent can help guide you through the process of selecting the best EPLI policy to meet your company’s specific needs. +

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