

## Employment Practices Liability Insurance



More and more companies are finding out the hard way, just how complex the relationship between an employee and an organization can be. Employment-related claims for harassment, discrimination, wrongful termination, retaliation, defamation, unfair hiring practices, and other workplace torts — are steadily rising. Employment-related claims can have a serious financial impact on a company or organization's bottom line. The Employment Practices Liability insurance (EPL) is one of a suite of seven insurance coverage parts under *The ForeFront Portfolio* policy, providing flexible coverage with the exposures of private companies, not-for-profit organizations, and healthcare organizations in mind.

### Why do you need Employment Practices Liability insurance?

| Misconception  | Reality  |
|--|--|
| If my company was involved in an EPL lawsuit, we could easily absorb the costs associated with such a claim. | An EPL charge can tarnish company image, dampen employee morale, and hurt employee recruiting and retention efforts. EPL insurance that includes loss prevention services can help your company reduce its chances of being sued in the first place and strengthen your company's legal defense in the event it is sued. |
| I have other insurance policies that will pick up employment practice lawsuits.                              | Workers' compensation, business owner policies, professional liability policies, and general liability policies may specifically exclude liability for employment practice related lawsuits.   |
| Since we have an employment handbook and policies in place, we don't have any exposure.                      | While defense and documentation are a top priority, they will not stop an employment claim.  |

### Employment Practices Liability Coverage Highlights

- Policy provides coverage for EPL claims brought by past, present and prospective employees, and independent contractors
- Broad definition of Employment Practices Wrongful Act addresses an evolving legal landscape
- Defense provision optionality built into the form, including Duty to Defend by Chubb
- Early Engagement Expense Coverage: pre-matter expense, pre-tender expense, or early settlement opportunity costs
- Written Request to Toll or Waive a Statute of Limitation Coverage
- Integrated Global coverage and capabilities, with access to our Global network and affiliated broker partners for locally admitted policies, where permissible by law
- Access to ChubbWorks<sup>SM</sup>, a free online resource for Chubb EPL policyholders, providing access to comprehensive loss prevention tools to help address and prevent employment and employee issues

## Employment Practices Liability Claims Scenarios

| Summary   | Claim Details   | Resolution   |
|---|---|--|
| <b>Age Discrimination</b>                           | ABC International terminated a long-time manager for alienating employees and customers and for his disinterest in his job. The manager was 59 years old when the termination took place, and ABC checked off "other" instead of "poor performance" on the termination form as the reason for the termination. The manager filed a charge of discrimination with the Equal Employment Opportunity Commission, alleging he was terminated because of his age. In his charge, he stated that he had always received regular merit pay increases, was replaced by a worker in his 30s, and that some members of senior management had made comments about needing "to get rid of the old guys." The manager subsequently filed a lawsuit against the company seeking two years of lost wages and benefits, as well as compensation for emotional distress. | Although ABC International believed it was innocent of the allegations, the case eventually settled out of court for \$250,000 with more than \$60,000 in defense costs. |
| <b>Wrongful Termination</b>                         | A mid-level supervisor with a long history of documented performance issues was terminated for smoking in a restricted area of the company's building where flammable chemicals were stored. The terminated employee, who was 54 years old, responded by suing the company for wrongful termination. He alleged age discrimination based on comments made by his supervisor, like "You're too old," and disability discrimination because the company refused to make work accommodations related to his high blood pressure. He also alleged he could only be terminated for good cause. The plaintiff sought back pay, front pay, special damages and attorney's fees, totaling an estimated \$275,000, in addition to punitive damages.  | The company settled with the former employee, paying \$350,000, but not before it had paid \$130,000 in defense costs.   |
| <b>Sexual Harassment/<br/>Gender Discrimination</b> | A well-known not-for-profit with a national presence was reported to have complaints of systemic sexual harassment, assault, battery, gender discrimination, sexual predation and retaliation asserted by more than 30 female claimants against the CEO and other members of leadership over more than a 10 year period. The claimants, represented by a well-respected law firm, made a multi-million-dollar demand (\$1,800,000) and sought to effectuate change throughout the organization and leave their mark on policies and practices that would prevent future alleged violations.   | This matter was resolved confidentially and prior to the filing of a public lawsuit for under \$1,000,000.   |

### The ForeFront Portfolio

The ForeFront Portfolio is part of an evolution in one of Chubb's market-leading series of management liability products that have been specifically tailored to meet the individual needs of private companies, not-for-profit organizations, and healthcare organizations. With up to seven optional coverage parts, each coverage part works as a standalone policy or seamlessly together to minimize gaps and reduce overlaps in insurance coverage, providing companies choice and flexibility to help manage their individual and corporate exposures. It is a comprehensive insurance solution specifically designed to help companies not only survive, but thrive despite the most complex threats of litigation, extortion, and other white-collar crimes that may expose their bottom line.



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The claim scenarios described here are hypothetical and are offered solely to illustrate the types of situations that may result in claims. These scenarios are not based on actual claims and should not be compared to an actual claim. The precise coverage afforded by any insurer is subject to the terms and conditions of the policies as issued. Whether or to what extent a particular loss is covered depends on the facts and circumstances of the loss, the terms and conditions of the policy as issued and applicable law.

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