

For several years now I have been writing blogs, urging restaurant owners to learn about, understand and purchase Employment Practices Liability Insurance (EPLI) for their restaurant. Now we are seeing a fast developing trend where this protection is being added automatically to many insurance company's restaurant insurance package policies. This is a great trend and I applaud the insurance companies for moving in this direction. Now with the basic coverage hurdle past us, the new risk for restaurant owners is that they don't carefully review the included protection to make sure that it is right for their particular situation.

Let's back up a bit and go over what Employment Practices Liability Insurance is. As an employer, you owe your employees certain protections and what you owe them is being defined with a broader and broader brush as more lawsuits are won by employees against their employers. You risk your assets to lawsuits by both employees and prospective employees for discrimination against them on the basis of race, religion, sexual orientation, age, sex, health, nationality and many others. And remember, the offense for these discriminations doesn't have to come from you the owner; they could be from one of your managers to another employee or from one employee to the next even if neither is in a managerial position vis-à-vis the other. You also are vulnerable to claims from an employee for sexual harassment, whistle blower harassment as well as other types of harassment. Since you can't monitor every conversation or know every employee's personal disposition, insurance is your next best form of protection.

So if your restaurant insurance package policy now includes EPLI coverage, can you just leave it at that? Well, the answer is no. This kind of insurance protection is pretty new and at this point in time the policy language is not standardized so you really need to read it carefully. What good would the coverage be if the large print giveth and the fine print taketh away? So, carefully read the definitions in this form. How does the coverage define a loss? Which kinds of discrimination or harassment are covered? What must happen for the insurance company to respond to a claim?

Once you have a good handle on what is covered and what triggers your protections, next start to understand the coverage limits in the form. Are the costs of hiring an attorney and defending your restaurant from this claim covered? If defense costs are included in the protection, are they inside of your policy limit or outside of it? This is important because in many of these types of claims, the defense costs can be the lion's share of your losses. What is the overall limit of coverage provided? Is this enough to handle your worst case scenario? What is the deductible? Can you afford that? And don't forget that most of these policies are written on a claims made basis. That could have a huge impact on your protection if you change insurance companies or are slow to file the claim. [To learn more about this issue read my blog on claims made versus occurrence based liability insurance.](#)

I'm very glad to see a trend here where insurance companies are starting to add this coverage to all of their businessowners insurance policies. This is far better than no coverage at all. Now it is up to the restaurant owners to make sure that they evaluate this protection to make sure that it is adequate and broad enough to actually save them from big losses when and if they face one of these claims from their employees.

Clinard Insurance Group is an independent insurance agency located in Winston Salem, NC. We insure hundreds of restaurants, all across North Carolina, South Carolina, Tennessee and Georgia. We would be happy to help you answer any restaurant insurance questions that you may have. Just give us a call, toll free, at 877-687-7557 and we will take as much time as you need to help you understand your insurance options.