

There is a new danger facing NC businesses. This type of litigation is growing in frequency and severity and it is increasingly finding its way into North Carolina courtrooms. Most businesses owners probably haven't given the risk of an employee lawsuit against them much consideration, and perhaps some that do might mistakenly think that they are protected by their [general liability insurance](#) policy or their [workers compensation insurance](#). This kind of thinking can end of costing an employer big money. Take the time to understand the risks and how employment practices liability insurance might protect your company.

[Employment practices liability insurance](#), called EPLI for short, is a relatively new form of insurance, first coming into existence in the early 90's. Over time these policies have evolved to provide broader coverage and better protection as the insurance companies have learned more about this risk and how best to insure against it. The policy form is still not standardized, like personal auto insurance or your [businessowners policy](#), but the different forms offered by different insurance companies are getting closer to one another all the time.

So, what are the risks that EPLI is designed to protect against? The most common type of claim is discrimination. As you can imagine there are many different types of discrimination claims, including age, gender, sexual orientation, race, color, creed, religion, pregnancy, national origin, marital status and disabilities. Remember, that these claims can evolve from the behavior of your managers and officers as well as from other employees.

Most EPLI policies also protect against sexual harassment claims, including those against supervisors and fellow employees. Also common are wrongful termination claims by former employees who might claim that they were unfairly let go.

Some policies even cover whistleblower claims. These are claims by those who allege that they were victims of adverse employment decisions based on the fact that they disclosed an unfair or illegal practice of their employer.

The median size of EPLI awards has risen from about \$90,000 in 1996 to over \$200,000 by

2006 and is much higher today. And these awards numbers do not include the cost of defending your company against these claims, costs which can often run \$60,000 or more.

If I still haven't convinced you to consider buying this type of insurance for your business, then let me give you one last, pretty stark figure. EPLI insurance is not inexpensive. A good average for this type of policy would be somewhere around \$75 per employee per year with minimum premiums often over \$1000. And the marketplace of insurance companies that provide this type of policy is very competitive. What that tells me is that the risks are pretty good that you will face one of these claims at some point in your career as a business owner. The insurance companies have access to the real numbers out there and they understand the risks. If they have to charge this much for a policy, then the risks must be very high.

[Clinard Insurance Group](#) is a family owned, independent agency located in Winston Salem, NC. We strongly urge every business that employs people to study, understand and consider employment practices liability insurance. These policies are a bit complicated and differ in significant ways from the insurance policies that you are comfortable buying for your business. Don't try a do it yourself approach and don't leave this to an agent who doesn't understand EPLI. If we can help you with your EPLI needs, or your other business insurance policies, please call us, toll free, at 877-687-7557 or visit us on the web at [w.ClinardInsurance.com](#) [ww](#)