

UPDATE

THE VALUE OF EMPLOYMENT PRACTICES LIABILITY INSURANCE

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One of the fastest growing areas of lawsuits today falls in the Employment Practices area. This is not just discrimination suits but covers an exposure running from Wrongful Hiring to Wrongful Termination and all points in between. Municipalities don't have the luxury to employ staff that is expert in Human Resources. Herein lies the problem.



There have been almost 100,000 charges of employment discrimination filed with the Equal Employment Opportunity Commission in 2008 alone. This number is growing every day and new federal and state laws make this one of the largest areas of potential loss for Municipalities.

Most municipalities believe that it won't happen to them, because they have taken all of the precautions to make sure that they follow the law. The need for Employee Handbooks that include policies and procedures covering potential area of loss are extremely important. Today Employee Practices Liability Insurance, or EPLI, covers many kinds of employee lawsuits including: Sexual Harassment, Discrimination, Wrongful Termination, Breach of Employment Contract, Negligent Evaluation, Failure to Employ or Promote, Wrongful Discipline, Deprivation of Career Opportunities and Infliction of Emotional Distress, including many other areas.

Even with taking every precaution there still can be legal action that must be defended. In most of these cases the protections offered by the Municipal Tort Liability Act are not available as Federal Statutes come into play. The ability to take a case and have it determined in front of a jury in Philadelphia is most appealing to claimants' attorneys. It is not unusual for the cost of defense to exceed \$100,000 and that is when you win a case. The damages to be awarded should you lose a case could be in excess of \$1,000,000.

The potential for loss decreased in those municipalities where the administration has taken the time to update their employee handbooks. Make certain that policies and procedures are in place for handling complaints regarding employee workplace violations. Make certain that department heads have training on employee issues. And, assure that the solicitor for each municipality is kept fully informed on any issue that could possibly lead to a suit.

Finally it is good to know that in the unfortunate event that a claim arises, the insurance program for your municipality includes EPLI coverage.