

Employment Practices Liability: Be Prepared



Employment-related legal actions are a growing concern for employers of all sizes. As costs for litigation and damage awards climb, experts predict that employment liability will only become more complex. As a result, it is critical for employers to understand their exposures and options to manage the risk.

Strategies to Reduce Your Company's Exposure

Two effective risk management strategies include solid human resources practices and employment practices liability insurance (EPLI) cover, a policy used to cover your risk due to the ever-changing legal and employment environment.

Some of the most common employment-related claims today involve:

- Working Time Directives
- Unfair Dismissal
- Discrimination - the denial of equal treatment of workers who are members of a protected class
- Unauthorised Deductions
- Breach of Contract

Employment practices liability insurance (EPLI) works hand-in-hand with your internal

employment practices to provide the necessary resources to defend your company against a legal action or to pay a claim. To best understand how to cover your EPLI risk, it's important to know the potential sources:

- Recruitment practices;
- Employment applications;
- Employment offers;
- Employee orientation;
- Annual conduct reviews;
- Enforcing performance policies;
- Termination; and
- Improper documentation of the above items

Limiting your exposures, engaging in solid human resources practices is an important strategy in reducing your company's liability.

To verify your HR policies and best practices, conduct a thorough HR audit:

- Verify the Employee Handbook outlines all policies and terms of employment in clear as well as concise language;

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- Require employees to sign an acknowledgement form for receipt of Handbook; and
- Develop training for supervisors including interview skills, performance reviews, 'zero tolerance' policy, etc.

Employment law is often complex and around 15 changes are made annually. Keeping current with the changes can be a heavy burden on employers. Well-organised and credible documents can demonstrate fair treatment, deter litigation, ensure employee honesty and, should litigation occur, demonstrate the employer's actions.

In addition to having the appropriate employment policies and HR best practices in place, EPLI cover is another useful risk management tool used to defend against a legal action or pay a claim. Typically, the insurance underwriter will require a copy of your employee handbook, which can cover the following policies:

- Sexual Harassment
- Discrimination
- Equal Opportunity
- Disabled Employees and Accommodations
- Grievances
- Employee Discipline
- Termination
- Performance Evaluations
- Internet Usage/Employee Privacy

- Maternity Leave
- Internal Job Postings
- Hiring and Interviewing
- Alternative Dispute Resolution

EPLI works hand-in-hand with your internal employment practices to provide the necessary resources to defend your company against a legal action or to pay a claim. As with all of your risk management needs, **Crendon Insurance Brokers Ltd** is committed to assisting you in assessing your employment-related policies and helping you to develop best-practice solutions. Contact us today at 0121 454 5100.



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