



**Sierra Sacramento Valley Medicine**  
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**Employment Practices Liability Insurance**

**A special Member First Time Buyers program is available for SSVMS members.**

OPEN ANY NEWSPAPER or look on any news Web site and you're bound to notice an article about another business being sued by an employee or former employee alleging discrimination or wrongful termination.

These stories always make headlines. But are businesses truly being sued more often? Is your practice at risk? If it is, how much could you be forced to pay in such a situation?

When an employee brings a complaint against a business, or a suit involves misadventure by a key employee, the trend is unmistakable: the business pays more.

The number of resolved lawsuits alleging breach of the Fair Labor Standards Act more than doubled in 2005 (the last year that statistics are available) to almost 3,600 compared with the 1,596 cases in 2000.<sup>1</sup> A survey found that complaints from disgruntled employees in 2007 cost businesses (involved in employee suits) an average \$63,114, including judgments, settlements, fines and legal fees.<sup>2</sup>

The survey also reported that two out of three U.S. private companies experienced some type of event related to management liability within the past five years, costing an average \$393,017. The number of incidents ballooned more than 25 percent from 2005.

The survey results mirrored government statistics. The total number of charges filed with the U.S. Equal Employment Opportunities Commission (EEOC) rose 26 percent from fiscal years 2006-2008.<sup>3</sup> And the total amount of money awarded in those complaints during that span nearly tripled, from \$44.3 million to \$102.2 million.<sup>4</sup> Even if a case goes to EEOC mediation, the average period it takes for it to be settled is 84 days-almost four business months.<sup>5</sup>

Workers' compensation, general and professional liability insurance policies generally do not cover the vast majority of complaints filed against employers. For this reason, Employment Practices Liability insurance (EPLI) has grown in popularity. "Generally, purchasing EPLI insurance is a wise investment," write lawyers Robert Hoffer and Kelly Schoening in the *Business Courier of Cincinnati*, "but not all plans are created equal."

When considering EPLI insurance, they recommend asking the same questions as you would about any insurance:

- what is covered;

- what is the deductible;
- which attorneys can you engage; and
- how are claims settled.

The Sierra Sacramento Valley Medical Society offers its members EPLI insurance. This coverage also includes risk-management tools that can lower your risk, as well as access to a legal information hotline staffed by employment practices attorneys. And if you never had coverage before, ask about the simplified First Time Buyers program. You can contact a Marsh client service representative toll-free at 800-842-3761 for more details.

1. Kris Maher, "Workers Are Filing More Lawsuits Against Employers Over Wages," The Wall Street Journal, Monday June 5th, 2006. page A2.
2. Chubb Private Company Risk Survey, [www.chubb.com/corporate/chubb8596.html](http://www.chubb.com/corporate/chubb8596.html)
3. [www.eeoc.gov/stats/charges.html](http://www.eeoc.gov/stats/charges.html)
4. [www.eeoc.gov/stats/litigation.html](http://www.eeoc.gov/stats/litigation.html)
5. [www.eeoc.gov/employers/investigations.html](http://www.eeoc.gov/employers/investigations.html)