

What is Employment Practices Liability?

Employment Practices Liability Insurance is a relatively new form of liability insurance. It provides protection for an employer against claims made by employees, former employees, or potential employees. It covers discrimination (age, sex, race, disability, etc.), wrongful termination of employment, sexual harassment, and other employment-related allegations. It covers your firm, including its Directors and Officers.

When is Employment Practices Liability needed?

Employment Practices Liability is needed as soon as you start to hire employees. Most investors and directors will require that you carry this coverage as part of your Directors and Officers Liability insurance since they can also be held liable in suits relating to employment practices.

Why do I need Employment Practices Liability?

Cases against employers are on the rise. It is estimated that three out of five firms will be sued by an employee. Companies are finding that they are vulnerable from the pre-hiring process through the exit interview, even if the employee was never hired, or only at the company a matter of days.

It can happen to ANY firm. We have all experienced it. It could be a joke told in the break room, an employee you had to fire, a “friendly” fund manager, or that person you chose not to hire. Every employer faces the reality that it will be the target of legal action from past, present and prospective employees. Even if the claim is groundless or fraudulent, the defense of a suit can be expensive in time, resources and financially. The number of lawsuits filed by employees against their employers has been rising. While most suits are filed against large corporations, no company is immune to such lawsuits.

New firms are especially vulnerable. Newer and fast growing companies are often prey to these types of claims because their management team has not yet designed or implemented procedures for hiring, firing, and disciplining employees.

Welcome to reality. Just because you might not have told the off-color joke to the new employee on her first day, your Independent Contractor, or client, might not think the same way. It's still your firm that gets sued, and you can't always monitor every hire, termination, or conversation that takes place in your office. Nor can you always know who will sue, and you can't always prevent a disgruntled employee from lying or exaggerating just to “get even” with

Growing Vulnerability

Most firms recognize that employees are their most valuable assets in running an efficient business. However, you may not be aware of your growing vulnerability to exposures resulting from your liability as an employer. Businesses today are increasingly at risk for liability claims and lawsuits that arise from employment practices and related human resources issues, such as sexual harassment and discrimination.

Employment practices related lawsuits — lawsuits alleging discrimination, wrongful termination, sexual harassment or retaliation — continue to grow in both frequency and severity. In fact, over the past 10 years, federal employment laws, together with parallel state laws, have expanded employees' rights in the workplace, opening the way for new “causes of action” to be brought against employers and broader-than-ever rights of recovery. Third parties, such as customers, consumers and clients, are also more frequently seeking legal recourse for alleged discrimination or harassment.

These trends, coupled with more expansive judicial interpretation of applicable laws, have gone hand-in-hand with the emergence of a professional plaintiffs' bar eager to drive employment-related lawsuits against employers.

You can try to do everything right and still find your business subject to claims of wrongful employment practices. Whether the allegations against you are legitimate or unfounded, you may be faced with expensive legal bills.

Increase in Litigation

The tremendous increase in employment-related litigation during the past several years makes EPL Insurance an essential coverage. Claims for wrongful termination, discrimination and sexual harassment continue to be a serious concern for the business community. Judgments, settlements, and defense costs for employment-related litigation continue to rise at an astonishing pace. Repercussions of these lawsuits can be felt well beyond their initial devastating and distracting impact, because one large uninsured employment practices claim can lead to shareholder lawsuits.



Providing Business Insurance Since 1895

InsureHedge is a division of Gaston & Associates, Inc., a fourth generation family held independent insurance agency with a history dating to 1895. InsureHedge's marketing territory is national (and international) in scope, and we hold property-casualty and life-health licenses in all states except Hawaii.

InsureHedge is a risk management division focused exclusively on the unique coverage needs of financial exposures, and represents many leading companies in the financial community in a wide variety of ways. These range from ordinary business insurance responsibilities to the implementation of sophisticated retention plans to address the disproportionate relationship between high salaries and low exposure in the workers compensation needs of financial companies.

InsureHedge has become a world leader in all forms of professional liability insurance products for hedge funds and financial institutions by proactively anticipating changing client needs in order to offer the most up-to-date solution. We serve about three thousand clients in the U.S., Canada, Caribbean and in Europe.

Mission Statement

The mission of Gaston & Associates is to provide professional insurance services to the clients we represent.

- ✓ We strive to develop a customer base that will appreciate our service orientation and value added approach.
- ✓ We provide our clients with competitive, high quality insurance oriented products.
- ✓ We endeavor to maintain long-term customer relationships that are based on coverage and service.
- ✓ We embrace automation as a means to enhance service and improve communication.

To accomplish these goals, we establish departments, standards, workflows and procedures that enable us to provide a consistently high level of service to our customers. We staff each department with competent, ethical, individuals who are dedicated to continuing education and professional development.

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