

# APPAREL INSURANCE NEWS

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## Recent Insurance claims we've seen:

- **Embezzlement. Trusted bookkeeper helps herself to \$140,000 in payroll checks before a routine audit reveals the theft.** The employee was desperate and heavily in debt. Employee Dishonesty/Crime insurance pays the claim, and makes good on the loss to the company's owner.
- **Domestic housekeeper sues homeowner for \$150,000. over wrongful termination.** She says he fired her due to "poor health", and her medical condition. Employment Practices Liability Insurance (EPLI) is a key part of this case. Lesson to be learned: *Anyone* with an employee can be sued; you don't have to be in a business, trade or occupation.

## WHO NEEDS EMPLOYMENT PRACTICES LIABILITY INSURANCE?

Employment Practices Liability Insurance (EPLI) is designed to protect employers against a wide array of "non-physical" injury claims. EPLI protects businesses from many claims not covered under workers' compensation or general liability. Major cases are:

- Discrimination based on age, race, sex, national origin, disability or marital status.
- Wrongful Termination
- Sexual Harassment
- Employment related Libel, Slander, Defamation and Invasion of Privacy
- Wrongful Discipline or Negligent Evaluation
- Failure to employ or promote
- Deprivation of career opportunity
- Wage & Hour claims

EPLI insurance should be in place ideally before you even begin the hiring process, but it's never too late to practice good risk management, and then consider adding this type of insurance to your organization's insurance program.

Kulchin Ross Insurance partners with several preeminent coverage programs, and we provide EPLI coverage at very affordable rates.



### Consider these statistics:

1. Over 80,000 claims were filed with the Equal Employment Opportunity Commission (EEOC) in 2007, that's a 9% increase compared to 2006. Businesses are more likely to face an EPLI claim than a property or liability claim.
2. Economic downturns that create job losses and lack of opportunity often give rise to EPLI claims, as laid off and terminated workers struggle to cope.
3. Small firms are vulnerable too. Firms of 15-100 employees suffer over 40% of all EPLI claims.
4. EPLI claims are expensive. The average cost to defend an EPLI claim is \$45,000., and the average settlement is \$150,000.
5. An EPLI claim that evolves into a lawsuit will often

favor the employee. Once an EPLI claim goes to trial, the employee wins over 2/3 of the time.

Don't risk your own assets to lawsuits from employees, or "third parties". Our EPLI coverage plan also includes third party claims, for example, from customers or suppliers who allege harassment or discrimination.

**The Employee Handbook.** It's critically important to practice "risk reduction" by using an Employee Handbook which outlines your organization's employment procedures. Among other things, the handbook should clearly spell out an anti-harassment policy, and anti-discrimination policy. If correctly written, the handbook can show that you are pro-active in handling employee complaints and the steps taken to prevent and resolve employee disputes.

Our Insurance carriers provide for a Toll Free advice hotline, and sample employment forms and policies to help you during downsizing, and layoffs. And our office can assist you in developing or improving your Employee Handbook. For more information about EPLI, call Bill Kulchin at 818-968-1354.

Your insurance partner, with over 25 years experience.

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### Online Solutions available to our EPLI policyholders include:

- Sexual harassment prevention training (now required by law)
- Web-Based Training on employment issues including discrimination, Americans with Disabilities, retaliation, wrongful termination, and ethics in the workplace.
- Training Bulletins
- Searchable database of articles written by employment law experts.
- Access to employment law attorneys.
- Sample employment policies and forms.
- Employment practices checklist.
- ERISA Helpline
- Reference materials on ERISA and related laws
- Articles and white papers on benefit planning issues confronting plan fiduciaries, such as HIPAA compliance, and contingent worker exposures.