

Coverage Insights

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Third-party Employment Practices Liability Insurance

In our increasingly litigious society, the threat of a lawsuit hangs over every business transaction, large or small. Even employers who adhere to the letter of the law at all times are likely to be sued by an aggrieved employee or customer at some point. While many suits are groundless, defending against them is costly and time consuming.

If you carry employment practices liability insurance (EPLI), your business has a measure of protection against lawsuits from current, prospective or former employees who allege "wrongful acts" such as discrimination, sexual harassment or wrongful termination. But what happens if a customer sues you for discrimination? Are you protected?

The Importance of Third-party EPLI

Many employers do not realize that they have a gap in their insurance coverage that leaves them vulnerable to discrimination and harassment lawsuits from customers, clients, vendors and suppliers. Standard EPLI policies only provide coverage for lawsuits brought about by employees or prospective employees, and most commercial general liability (CGL) policies specifically exclude coverage for harassment and discrimination. That's where third-party EPLI comes in.

Third-party EPLI fills this gap between EPLI and CGL, and offers protection against allegations of wrongful acts made by customers, clients, vendors and suppliers. In general, covered claims include the following:

- Discrimination based on the following:
 - Race
 - Religion
 - Sex
 - Age
 - National origin
 - Disability
 - Pregnancy
 - Sexual orientation
- The following forms of harassment:
 - Unwanted sexual advances
 - Unwanted requests for sexual favors
 - Other verbal or physical actions that create a hostile or offensive work environment

Third-party EPLI is vital for businesses that deal with customers on a daily basis. However, even if your firm doesn't have a lot of interaction with the general public, you may still benefit from third-party EPLI coverage if your operations involve clients, suppliers or vendors. To learn more about third-party EPLI coverage and how Oak Tree Insurance can help protect your business, contact us today at (800) 394-9899.

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