



Nationwide® writes nearly \$4 million of annual gross EPLI premium, with approximately 8,000 policies in force.

Employment Practices Liability

Why your customers need it, and how you can protect them.

Employment Practices Liability Insurance (EPLI) provides the insurance protection businesses need for employment-related lawsuits. Sexual harassment, age discrimination, wrongful termination, failure to employ or promote, and wrongful discipline are some of the more prevalent exposures.

Recent Nationwide® (including Allied) EPLI claims include:

CLAIM DESCRIPTION	AMOUNT PAID
Equal Employment Opportunity Commission (EEOC) complaint from a former employee of a retail furniture store stating he was discriminated against due to his weight	\$3,500
Claimant applied and was interviewed for a position at a promotional products distributor and alleged sex discrimination on the basis of being male, as a female was hired instead of him	\$6,000
Former employee of a large, multi-state property management company alleged that the insured paid employees less than the minimum wage for a three-year period	\$21,000
Former employee of a small office equipment and supply distributor alleged religious discrimination	\$7,200
A former hotel employee stated she was sexually harassed by the owner and when she refused his sexual advances, her hours were cut and she was forced to quit	\$85,500

The Nationwide® Advantage

Nationwide began writing EPLI in mid-2011 after partnering with General Reinsurance Corporation in a quota share reinsurance agreement. We currently write more than \$3.8 million of annual gross EPLI premium, with approximately 8,000 policies in force.

Our average EPLI claim in 2014 was over \$18,000. Industry studies show average claim costs in the \$30,000 – \$70,000 range. Some carriers include EPLI with a low limit, such as \$10,000, as part of an endorsement to their BOP policy. These low limit offerings are generally only for defense reimbursement, meaning the insured must handle the defense of any EPLI claim and then seek reimbursement from the carrier. There are two significant issues with this strategy: 1) the limits provided are knowingly inadequate for the exposure, and 2) utilizing attorneys that do not specialize in defending EPLI claims will yield less favorable results than engaging EPLI legal specialists to defend a claim.

This is why the lowest limit of EPLI coverage that we write is \$50,000, and why we utilize a network of EPLI defense legal specialists to assist with our claims.

Optional Coverage Enhancements

■ **Third Party Practices**—While the original purpose of EPLI was to provide coverage for employment-related offenses made by employees or applicants against other employees and/or the employer, an optional coverage endorsement for Third Party Practices can be added to pick up claims from an insured’s clients or customers alleging harassment or discrimination against the insured business. A business’s exposure to third party EPLI claims largely depends upon the extent to which its operations involve contact with the public. For example, retail stores and restaurants would have a greater third party EPLI exposure than would a manufacturer that sells to a handful of distributors.

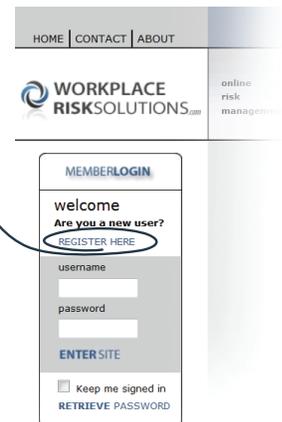
■ **Coverage for Injury to Independent Contractors**—Another optional enhancement endorsement is Coverage for Injury to Independent Contractors, which covers employment-related claims made by the independent contractors of the insured while acting within their scope of employment. When adding this coverage, it is important to ensure that the independent contractors are subject to the same employment-related training and standards as the insured’s full-time employees.

These optional coverage enhancements are only available for the Expanded EPLI (underwritten) product and require underwriting review.

Value-Added Services

■ **Workplace Risk Solutions**—Our members who purchase EPLI receive access to the Workplace Risk Solutions website at www.wprsolutions.com. EPLI policyholders may register using the passcode **NI-HRhelp**. This website contains such resources as:

- Sample policies and procedures
- Web-based training modules to assist in preventing discrimination, harassment and other employment claims
- Workplace-related articles
- Links to federal and state legal sources



■ **Jackson Lewis legal hotline**—The Jackson Lewis legal hotline is available from 9 a.m. to 6 p.m. Central Time, Monday through Friday, and is accessed by calling **1-800-259-5589**. It provides the insured with legal advice from Jackson Lewis, LLP, one of the nation’s largest and most respected employment law firms. The legal hotline can walk the member through the appropriate steps to take when investigating harassment reports or terminating an employee, as well as answer a host of other employment-related questions.

In a recent poll conducted by General Reinsurance Corporation, 99% of agents see value in EPLI risk management services for their customers. With good reason, as there can be a substantial cost associated with obtaining these services independently. For example, using outside vendors to train managers on key employment topics is often at a cost of up to \$50 per employee per session, and the average hourly fee for an experienced employment attorney, which the insured can access through our legal hotline, is in the range of \$250 to \$300. For many business owners, the value of these free services could easily exceed the cost of the EPLI coverage.

We urge you to add EPLI coverage to your Nationwide accounts, and to contact your underwriter with any questions you may have.

Businesses are **3X MORE** likely to be sued by an employee than experience a fire

AND

EEOC charges are hovering around **\$100,000** or 24% higher than 10 years ago

YET

7 OUT OF 10 businesses don't buy EPLI

AND

6 OUT OF 10 non-buyers mistakenly think they are protected under other policies

Information provided by General Reinsurance Corporation.

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