

Employment Practices Liability Insurance



The greatest risk to your business may be staring you right in the face.

Did you know, if you have just one employee, you can be sued for almost anything? If you think your company is too small to worry about an Employment Practices Liability (EPL) lawsuit, you're simply wrong. It doesn't take hundreds of employees to put your business at risk, it takes only one. Just one employee who's been wronged or feels he's been wronged.

To sue or not to sue—it's hardly a question anymore.

It's a fact that employees are more willing than ever to protect their rights in court. And unless your employees live and work in a vacuum, they're reading and hearing about employees who have successfully sued their employers in both frivolous and meritorious cases. Who could blame them? With our legal system, they have nothing to lose and everything to gain.

Win or lose, you lose.

Even if your employee walks away with nothing in the end, the cost of building an effective legal defense—in terms of time, money and disruption—could, in itself, devastate your business.

The law's on their side, not yours.

Between Title VII of the Civil Rights Act, the 1990 Americans with Disabilities Act, the Family and Medical Leave Act of 1993, the Age Discrimination in Employment Act of 1988, and other federal statutes, state statutes, common laws and administrative codes, your company must comply with numerous regulations. If you're not familiar with them, chances are one of your employees will eventually acquaint you.

Conventional policies won't help you.

Should your business ever face a claim alleging wrongful employment practices, you will *not* find any protection in standard business insurance policies, such as commercial general liability, workers compensation and commercial umbrella.

See inside for the special coverage you need ...



Our Employment Practices Liability Insurance protects you every step of the way.

When you secure your business with Harleysville’s Employment Practices Liability Insurance, you protect yourself and your staff against a wide range of potential risks that come with the territory called “human resources.” We cover you during applicant interviews, terminations, and throughout the decision-making and employee interaction processes you encounter everyday.

Limits available	\$100,000	per claim / aggregate	
	\$250,000	per claim / aggregate	
	\$500,000	per claim / aggregate	
	{	\$1 million	per claim / aggregate
		\$2 million	per claim / aggregate (<i>Subject to underwriting approval</i>)

These are the only two limits available in SD

Who is covered Your business entity, your employees and directors (both current and former), plus any heirs and executors

What is covered Claims or suits brought by an employee, former employee or job applicant, alleging:



- Wrongful refusal to employ
- Wrongful failure to promote/deprivation of career opportunity
- Wrongful demotion, evaluation, reassignment or discipline
- Wrongful termination
- Employment-related misrepresentation
- Harassment, coercion, discrimination or humiliation as a result of race, color, creed, national origin, marital status, medical condition, gender, age, physical appearance, physical and/or mental impairments, pregnancy, sexual orientation or sexual preference, or any other protected class or characteristic established by any applicable federal, state or local statute
- Oral or written publication of material that slanders, defames or libels, or violates or invades a right of privacy

Defense costs Harleysville assumes responsibility and costs (*within* your policy limit) for defending your business against each and every claim, legitimate or not, at administrative hearings and throughout all phases of litigation. Also covered within your policy limit:

- Compensatory damages/pre-judgment interest
- Punitive damages, where allowed by law (Coverage may be limited in some states.)

Deductibles	• \$2,500 (15 or fewer employees)	• \$10,000	• \$20,000
	• \$5,000	• \$15,000	• \$25,000

Options For an additional premium, you can add coverage for claims arising from injury to independent contractors.

Also, if your policy is not renewed with us or otherwise terminates, at that time you can purchase a supplemental extended reporting period, which will extend the (automatic) basic extended reporting period.

NOTE: The information above is intended strictly to highlight the features of our EPLI policy. We advise you to consult your independent Harleysville agent for details and to examine the policy carefully. If any discrepancies occur between the information above and your policy, the terms of your policy will govern.

And, your policy comes with these free, valuable services!

Risk management hotline

As a customer of Harleysville Insurance, you'll receive unlimited use of an Employment Practices Risk Management Hotline—provided by Jackson Lewis. Jackson Lewis is one of the nation's largest employment law firms, providing representation to management in the defense of harassment, discrimination, wrongful discharge and other workplace-related claims.

Through this consultation service, you will be connected with experts who provide proactive and practical information and strategies for preventing and managing workplace risk. Hotline consultations are:

- **Accessible.** Simply by calling **800.259.5589** and identifying yourself as a Harleysville policyholder, you have instant access to reputable attorneys who are full-time employees of Jackson Lewis.
- **Convenient.** Consultations are available Monday through Friday, from 9 a.m. to 6 p.m.(ET).
- **Informational.** The hotline provides an excellent opportunity to obtain general information about a broad range of subjects, including:
 - What the Equal Employment Opportunity Commission and courts generally consider to be harassment.
 - Appropriate steps to take when investigating reports of harassment, including suggestions for witness interviews.
 - An overview of your company's rights with respect to the types of actions it could consider when an individual fails or refuses to perform his or her job duties.
 - Whether the Family Medical Leave Act or state leave laws apply to your company, and how they generally should be administered.

Note: Harleysville Insurance makes no representations about the effectiveness of the Employment Practices Risk Management Hotline. We have no involvement in the consultation and are not affiliated with Jackson Lewis, LLP. We are providing the service solely as a courtesy to our policyholders.

WorkPlace Risk Solutions

With the purchase of employment practices liability insurance from Harleysville, you also gain access to a world of risk management resources. WorkPlace Risk Solutions—offered in partnership with The McCalmon Group—helps you comply with the many employment laws affecting your business so you can reduce employment claims. WorkPlace Risk Solutions standard features include:

- **Web-based training**—Online training modules for managers and supervisors are provided 24/7—at no cost—saving you thousands of dollars a year in training expenses. Sessions for preventing workplace wrongdoing and promoting best practices include:
 - Preventing sexual harassment
 - Preventing wrongful termination
 - Preventing discrimination
 - Promoting an ethical behavior
 - Promoting child-safe environments
- **Model workplace forms and policies**
- **Expert-written articles and bulletins** that keep you informed on matters important to the workplace
- **Knowledge vault**—A library full of workplace-related articles, self-audit checklists and more, driven by a powerful search engine for easy retrieval of published material.
- **My workplace**—A human resource super-hub that features, among other things, an online calendar for work events, a directory of your registered users, and a section to upload policies and even an organizational handbook.

To access Workplace Risk Solutions, simply go to **www.WorkPlaceRiskSolutions.com** and follow the easy steps to register. You can sign up as many employees as you wish.

Note: Harleysville Insurance makes no representations or warranties regarding the accuracy or effectiveness of the Workplace Risk Solutions Web site. We have no involvement in its content and are not affiliated with The McCalmon Group. We are providing the service solely as a courtesy to our policyholders. Further, the information available is not intended to replace advice from your own attorney, and you should continue to consult your local attorney regarding specific employment practice matters or the law in your specific jurisdiction.

The workings of a claims-made EPLI policy

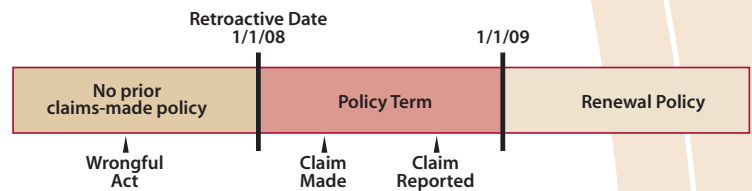
Employment Practices Liability Insurance is provided on a claims-made basis. While this form of coverage has been an established part of the insurance marketplace since the 1970s, it may be your first experience with this type of policy.

To understand how a claims-made policy works, you simply need to answer these three questions:

1. What was the date of the wrongful employment act?

Most claims-made policies only cover a wrongful employment act that occurred during the policy period, or, if provided, after a retroactive date that preceded your policy. You can find the retroactive date on the declarations page of your policy. The retroactive date is the earliest date a wrongful employment act can take place and be covered. If this is your first claims-made policy, the retroactive date is probably the same as the policy inception date. If you are renewing claims-made coverage, you may have an earlier retroactive date.

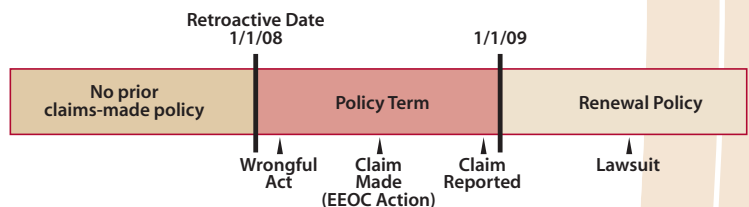
Example: An employee files a sexual harassment lawsuit during the policy period, and your business is notified soon thereafter. The harassment occurred prior to the policy's inception date. There is no coverage because the wrongful act preceded the policy and retroactive date.



2. What date was the claim made to your business?

The claim must be first made against the insured within the policy period or any applicable extended reporting period (ERP). Usually a claim is a lawsuit or administrative charge, and is first made when the policyholder receives notice of that action. When more than one claim arises from a single act or series of related acts, the policy establishes rules for determining the claims-made date and number of claims. In such cases, there is one claim and it is deemed to have been first made at the time the first of the claims was made.

Example: An employee files an age discrimination action with the Equal Employment Opportunity Commission (EEOC) during the policy term, and the insurer is notified. One year later, he files a lawsuit based on the same or related discriminatory acts. There is one claim, and that claim was first made when the employer received notice of the EEOC charge. Therefore, the complaint and lawsuit are covered by the first policy, subject to one claim limit.

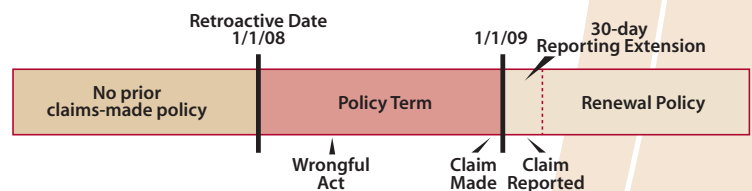


3. What date was the claim reported to the insurance company?

Timely reporting of claims is a critical element of claims-made coverage. The claim must be reported to the insurer during the policy period or an additional (often 30-day) period to accommodate claims made before the policy expires.

If the policy is cancelled or not renewed, you may also have an extended reporting period (ERP), extending the time period for a claim to be made and reported after the policy expires. A basic ERP of 60 (or so) days is provided automatically upon termination or non-renewal. Longer, supplemental ERPs may be purchased in limited circumstances. Your policy may also permit or require incident report to preserve coverage for claims made later against the insured that arise out of those acts.

Example: An employee is terminated and files suit during the policy period. The company notifies the insurer 10 days after the policy expires. Since notice was given within the policy's 30-day reporting extension, the requirement is met for coverage under the first policy.



Note: This general information is designed to illustrate a few key features of common claims-made coverages, and should not be relied upon to answer questions about specific claims-made policies or claims. Please consult the language of your claims-made policy for guidance.

WorkPlace Risk Solutions

Your online source for reducing workplace risk from employment practices claims.



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- Preventing wrongful termination
- Preventing discrimination
- Promoting an ethical behavior
- Promoting child-safe environments

Model workplace forms and policies—Employment forms and policies for small businesses:

- Model Forms for you to use or adapt, including Application for Employment and Reprimand forms
- Model H.R. Handbook Policies in English and Spanish on the most common workplace topics, as well as Child Safety and Computer, Internet and Network Usage policies, selected for value to small businesses

Expert-written information, education and commentary—Articles and bulletins keep you informed on news and information important to the workplace, including:

- Checklists that provide a self-audit tool for human resource personnel
- Polls that allow you to see where your organization stands in comparison with other employers

Knowledge vault—A library full of workplace-related articles, self-audit checklists and more—driven by a powerful search engine for easy retrieval of previously published material

My workplace—A human resource super-hub that features:

- Online calendar for work events and directory of an insured's registered users
- Section to upload policies or even an organizational handbook
- My Links section to store hyperlinks important to the organization
- Notice section allows site administrators to pass information or alerts onto registered users

Additional features:

- E-mail notices of new articles
- Comprehensive links to federal and state law sources
- Model Handbook with a wide range of policies available for purchase from The McCalmon Group

Make WorkPlace Risk Solutions your first stop for employment practices risk management. This free resource provides up-to-date information, education, loss prevention and training—all geared to small businesses like yours.

WorkPlace Risk Solutions is available to you immediately!

To get started, simply go to www.WorkPlaceRiskSolutions.com and follow the easy steps to register. You can sign up as many employees as you wish.

