

The Importance of Employment Practices Liability Insurance

Since Title VII of the Civil Rights Act of 1964 passed, the issue of employees' rights continues to be controversial. Employers involved in interstate commerce are prohibited from discriminating against applicants.

Understanding How Fast Lawsuit Risks Are Increasing

As more laws are enacted for workplaces, employers face a higher risk of lawsuits. The likelihood of discrimination lawsuits is especially high. In order to minimize this risk, employers need to create a workplace that offers workers equal rights, opportunities, job access, working conditions, job security and opportunities for advancement. They must also strive to create a workplace that is in compliance with federal employment guidelines for mature and disabled workers. During the time period between 1992 and 2004, the number of individual discrimination charges jumped from 72,302 to 79,432 annually. These figures, which were collected by the Equal Employment Opportunity Commission, include all types of discrimination filings.

The 2010 Wal-Mart Example

Claims of workplace discrimination hit a record high in 2010. The total number of claims was 99,922 during the fiscal year. This number gained national attention after the story of a class-action discrimination lawsuit was filed against Wal-Mart. The U.S. Supreme Court threw out the case. This case stated that over 1.5 million female workers faced workplace discrimination in the aspects of pay and promotions. The Court ruled that the case couldn't continue because of the varied circumstances of the plaintiffs, which lacked uniformity. This was the most high-profile employee discrimination case of 2010. It was also the largest class-action lawsuit in U.S. history.

The Small Business Perspective

Wal-Mart had a policy against uniform employment practices. Since duties were delegated to individuals in specific branch locations, the case was overturned. Smaller companies need to take the examples of larger companies by ensuring that they're properly protected from such lawsuits. On a smaller scale, discrimination lawsuits could devastate or bankrupt a small business. When employers have more personnel policies in place, there are fewer lawsuits filed. This is especially true if the policies are outlined well in a handbook and given to new employees. Educating new employees thoroughly is important. It's also essential to fully educate employees who already work for the company at the time such changes are made. However, even if the law is carefully interpreted, there are still times when employees may allege discrimination. During such times, employers are always thankful and reassured that they possess Employment Practices Liability Insurance. This coverage is commonly referred to as EPLI.

Importance Of Employment Practices Liability Insurance

Most people aren't aware just how important this type of coverage is. The importance of it can be discovered by carefully examining the workplace. Most workplaces have an ethnic and racial composition that is constantly changing and evolving. In addition to workplaces, the entire country is changing because of this factor. Cultural aspects have become one of the most common roots of discrimination cases. Although America is known for high levels of educated workers, discrimination continues to thrive among employees. They're taught in college to tolerate and accept other cultures. However, exercising equal treatment in the workplace seems to be a problem for many. In addition to this, sexual harassment, handicap bias actions and age discrimination lawsuits are common. Workplaces facing these issues are finding themselves in serious legal trouble.

The Solutions

In order to avoid legal battles, it's important to have EPLI. Although many employers think it's too expensive, it may save a company from going under if a lawsuit is filed. Have a professional perform a risk assessment to determine how much insurance is needed. In addition to having ample coverage, it's important to implement policies in the workplace that encourage equality and discourage discrimination. Information needs to be made available to workers to make them aware of what discrimination is and how to avoid it. Encourage workers to treat one another with equal and mutual respect. The press and human rights organizations are becoming more vigilant about spotting discrimination in multinational companies. With so many scrutinizing eyes watching, it's important to regularly assess the workplace to ensure that discrimination risks are low. Educate executives on proper hiring, firing and disciplinary guidelines. It's important to ensure that the executives won't be a liability.

There are two factors that have been blamed for the rising number of lawsuits. First, employees being educated about their discrimination rights is resulting in them understanding and standing up for those rights. In addition to this, the financial hardships people are experiencing from the recession are making them desperate enough to file claims that aren't legitimate. Regardless of whether claims are legitimate or not, it's essential to have EPLI to protect the business.