

Executive Risk Newsletter

July 2018: Employment Practices Liability Insurance



What #MeToo Means for Your Insurance Needs

According to one insurance carrier, sexual harassment means, “any actual or alleged unwelcome sexual advances, requests for sexual favors or any other conduct of a sexual nature.” Sexual harassment has long been a cause for concern to employers, and in light of the #MeToo Movement, many companies are reevaluating their internal procedures for dealing with allegations of sexual harassment in the workplace.

To many, #MeToo is synonymous with systemic sexual harassment in the entertainment industry. However, as the movement has gained momentum, women from all walks of life have spoken out about harassment or abuse they have endured, proving that these allegations are not isolated to the entertainment industry.

The #MeToo movement is shining a light on those in positions of power. Employers are likely to see an increase in Employment Practices Liability (EPL) claims as women who may have feared retaliation or felt they would not be taken seriously feel empowered to report harassment.

As with many exposures, the best way to prevent claims is to have proper policies and procedures in place. Some of these controls include:

- Having a strong anti-harassment policy, including zero-tolerance policies
- Holding regular sensitivity training for all employees
- Making sure employees feel comfortable approaching management with their harassment concerns through open-door policies
- Taking appropriate action and investigating all allegations thoroughly

Even with strong controls in place, allegations of sexual harassment may occur. If allegations of harassment arise, there is no definitive way to tell initially if they have merit, and it is important to treat all parties with respect while investigating the issue seriously. If it's determined that the allegations have merit, the employer should take appropriate action to prevent further harassment.

When these allegations arise, it is important to have a strong EPL insurance policy in place. These policies provide a financial backstop when defending against these types of claims. As an added benefit, many carriers offer free or discounted HR services, along with loss mitigation tools and best practices.

With sexual harassment at the forefront of people's minds, lawyers are seeking higher damages than in the past. They are relying on the public relations nightmare tied to these types of claims to pressure employers to settle out of court.

It is important to have a broker that is well versed in EPL insurance. They can help ensure that you have the broadest coverage available for the most competitive price.

Please contact your Moreton & Company consultant with any questions.

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