

Your Best HR Tool: Employment Practices Liability Insurance

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Times are tough, and it's difficult to find a job. So, when you terminated that employee last month, she may be looking for any reason to come after you and put a few bucks in her pocket. Luckily, you have a good Employment Practices Liability (EPL) policy to help guide you – and to provide coverage in case there is a claim.

What does an EPL policy cover, and why do I need it? All EPL policies cover for employment-related claims. Covered claims can include allegations such as harassment, wrongful termination, hostile work environment, failure to hire or promote, wrongful demotion, negligent evaluation, depri-

vation of career opportunity, retaliation, wrongful discipline, etc. An EPL policy provides coverage and security for a business owner in the event of an employment claim.

What special features should I look for?

- *Definition of insured:* Does your policy cover only claims brought against the entity, or does it also include those brought against your employees, directors and officers, or even the independent contractor who is working exclusively for you?
- *Third-party coverage:* This coverage can protect you from a covered cause of action filed by any non-employee, including an outside vendor (such as the delivery or cleaning person) who is working in your office.
- *Coverage for state-approved peer review claims:* If you've filed and received state approval on your peer review plan, this coverage can protect you if one of your healthcare providers files suit against your group in response to action you've taken within the guidelines of your peer review plan.
- *Wage and Hour Defense Option:* This feature provides coverage for claims alleging

violation of a federal, state, or local wage and hour law or regulation. Such allegations could include failure to provide mandatory breaks or to pay for overtime hours worked.

- *Human Resource Toolkit:* This is an invaluable resource provided by some EPL policies that can help you navigate through routine human resources events such as hiring, granting time off, taking disciplinary action, and terminating an employee, while keeping you informed of federal and state laws. Additionally, you can find online training programs for you and your staff on a variety of human resource topics.
- *Access to Live Support:* Do you have a question that needs an immediate answer or that you can't find in the human resources toolkit? Having access to live support can save you time and money on attorney fees when you need to know what to do in an unusual situation.

Can you give an example EPL claim scenario? A newly hired Clinical Director of Occupational Therapy at a rehab facility was demoted after just a few months' employment because of her inability to get along with doctors and staff. A new therapist position was created especially to accommodate her, but

this was not satisfactory, and her performance did not improve. She was counseled repeatedly for her resistance to or outright refusal to utilize the recommended therapies and splinting procedures. She was then made a “floater” at various rehab facilities but at once began generating complaints from doctors and nursing staff at each location for her poor attitude and working habits. Finally, she was given an

“Immediate Action Needed” written warning regarding her refusal to follow doctor’s orders and was counseled that one more complaint would result in termination – and it did. The therapist immediately filed a lawsuit alleging wrongful termination for her having refused to provide “unnecessary” patient services that might have constituted “Medicare fraud.” Insurance covered \$86,775 in defense costs.

Are you looking for an EPL policy for your group? Physicians Insurance Agency offers a packaged EPL policy that can provide all of the above features and is tailored specifically to the needs of the medical office. For specific terms and exclusions, it’s important to refer to your actual policy. For more information and an EPL application, contact Janet Jay at (206) 343-7300 or 1-800-962-1398.

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