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Article

Employment Practices Liability (EPL) Insurance – protecting businesses against rising employer risk

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Employer risk – that's failure to support staff, including mental health concerns, or facilitating safe operating conditions post pandemic – is predicted to be the number one business risk facing senior executives in 2024 according to our **Risk & Resilience** Business Risk research.

What is driving the fear of employer risk?

People aren't tolerating bad behaviour anymore.

- The rise of the #MeToo movement and greater confidence among employees to report inappropriate behaviour means more allegations.
- Millennials and Gen Z entering the workplace have different expectations for their career and of workplace culture.
- Our **Risk & Resilience** research reveals 36% of business leaders plan to review hiring and retention policies to boost diversity and inclusion in the workforce.

Poor governance at the top

- Employee issues are rarely standalone and can reveal a wider governance issue, including, for example, inappropriate behaviour being tolerated among all levels of the business.
- Shareholders' faith in companies found to be run without appropriate employee welfare strategies could decline.

The impact of nuclear verdicts and social inflation

- There has been a sizable increase in the amounts awarded by juries, particularly in cases that involve bodily injury or emotional harm. Businesses need to reserve more to account for this “known unknown” risk and rely more than ever on the quality of their insurer’s claims team and specialist risk management support.
- The value of settlements is also increasing, as plaintiffs’ counsel are less willing to engage early in settlement discussions, holding out for much higher resolutions than have been seen previously. Managing social inflation and nuclear verdicts | beazley

For example, in California jury verdicts on EPL claims from 2018 to 2020 averaged around US$1.55 million. Post-pandemic, that figure has risen to over US$2.3 million. [1]

If your client has employees, then they have employment liability risk

Allegations of discrimination, harassment and bullying can escalate quickly, and so can the costs. Remember, even false claims must be defended.

A growing demand for specialist EPL cover?

EPL insurance is an essential solution to support employers in the event of an employment liability claim, providing cover for tribunal costs, settlement sums, damages, defence and investigation costs.

According to our **Risk & Resilience** research, 35% of business leaders are planning to explore insurance options that include risk and crisis management to combat their boardroom threats, now is the time to discuss EPL insurance.

Find out more:

EPL For US domiciled business

EPL for London Wholesale

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