

Lowering Employment Practices Liability Risks

Employment practices liability insurance (EPL) is a critical type of cover that provides various protections for policyholders. Employers face a variety of risks related to employment practices liability claims. These claims have become more prevalent in 2020, given the effect of Coronavirus to our economy and the number of redundancies.

An EPL policy can have a major impact on offsetting the costs and losses of potential legal action.

There are a variety of laws in the UK that employers must abide by in order to ensure that they are providing and maintaining a suitable work environment for their workforce. These laws—such as the Employment Act 2002, Race Relations Act, Disability Discrimination Act, Sex Discrimination Act and the Equality Act—are intended to hold employers accountable for potentially unjust or irresponsible behaviour.

An employment practices liability claim can have a devastating effect on not only an organisation's finances, but also its reputation. This means that an EPL policy is not only a valuable level of protection for an employer in the present, but also in the future.

Specific Protections

Employment practices liability claims can stem from potential wrongful or misconduct disputes. Fortunately, EPL policies provide cover for a variety of types of claims, such as:

- **Wrongful dismissal**—These claims stem from an employee alleging that their employment was unlawfully ended by their organisation.
- **Constructive dismissal**—In this type of case, a former employee who has resigned from their

position alleges that they were forced to leave due to their employer committing unacceptable conduct.

- **Discrimination**—These cases are based on allegations that an employee has been discriminated against, such as on the basis of gender, race, religion or sexual orientation.
- **Misconduct**—Misconduct claims stem from situations in which an employee may have violated an organisation's rules or policies, but their dismissal was not handled properly.

Reducing Risk

While an EPL policy will provide valuable cover in the event of an employment practices liability claim being filed, the best way for an organisation to mitigate losses is to minimise the chance of an issue occurring in the first place. Employers should consider these steps in order to assess, address and reduce their potential exposures:

- Implement zero-tolerance policies for inappropriate or illegal acts, such as harassment or discrimination.
- Compose and distribute an official employee handbook that includes all workplace policies and procedures. This handbook should be regularly reviewed and updated.
- Establish formal job descriptions for all positions that clearly detail expectations, requirements and performance standards.
- Conduct thorough background checks on prospective employees in order to discover any potential issues before making an offer of employment.

Provided by Hamilton Leigh

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- Document all employee issues and complaints, as well as any action, resolution or response by the organisation.
- Review employee performance regularly and be sure to properly document any problems.

In Conclusion

Employment practices liability claims are a legitimate and consistent threat for employers. Organisations should already strive to provide a healthy and safe environment for employees, but these claims make the potential consequences for not doing so extremely severe.

For more information on EPL policies, contact us today.