

Employment Practices Liability Insurance, called EPLI for short is fast becoming a must have policy for any and all restaurants with employees. Our current economic environment of high unemployment is one of the driving factors but just as important are the actions of two of our federal governmental agencies, the Equal Employment Opportunity Commission and the Department of Labor. Their recent actions have created a situation leaving any restaurant that has not purchased EPLI in a very precarious position.

EPLI is insurance designed to protect the employer against claims filed by the current or former employees for all types of discrimination as well as sexual harassment. The discrimination or harassment can come from either the employer or from another employee. While this insurance is not cheap, that is simply an indication of just how high the risks are now for employers. Many restaurant owners simply are not aware of the risks, nor are they aware that there is an insurance policy out there designed to protect them.

We currently are seeing huge upward pressure on prices and deductibles for EPLI. This pressure is coming from essentially three different places at once. They are the high unemployment rate, the latest actions of the EEOC and the stronger enforcement stance of the Department of Labor. Let's take a look at each one of these separately.

The high unemployment rate has left a number of people without work. Many of these formerly employed workers have come to the conclusion that it is easier and cheaper to sue their former employer than it is to find new work. Recent court decisions have made this a juicy target for plaintiff's attorneys and they are courting these kinds of claims with new vigor. Many restaurants are finding themselves in situations where they have to lay off or even fire workers, and their lack of experience or know how in this sensitive area of the law is making them vulnerable to wrongful dismissal lawsuits.

The EEOC has also had a hand in this process. They have been more and more aggressive in pursuing claims against employers; particularly discrimination claims. 2011 proved to be a landmark year for the EEOC which nearly 100,000 claims filed by disgruntled workers. This is the highest number in their 46 year history and is a 31% increase over 2006. The highest profile claim was a \$20 million settlement paid by Verizon wireless for firing employees that missed work due to disabilities. The size and scope of this claim shook the legal world and big employers have taken note. Small businesses however are still mostly in the dark about the risks that they face in the employment liability arena.

Last of all we have the Department of Labor. In 2009, their secretary, Hilda Solis announced that they are back in the enforcement business. In particular they are strongly enforcing wage and hour violations. Very few restaurant owners truly understand all of the employment regulations surrounding the correct classifications of independent contractors. Also a significant number of employers are not in compliance with correct classifications for exempt and nonexempt workers. The Department of Labor has stated that food service is one of the industries that they are targeting for misclassification of workers. The bad news is that your restaurant is at risk and on the chopping block. The other bad news is that more and more EPLI policies are beginning to exclude coverage for wage and hour and misclassification of workers.

The take away for restaurant owners is that going without EPLI is really not a valid option anymore. You are essentially self-insuring with no funding at all. And each day the risks and the stakes get higher. Give us a call today, at 877-687-7557, and let us help you understand EPLI and how it can help you sleep better at night.