

What is Third Party Employment Practices Liability?

Employment Practices Liability Insurance (EPL) covers allegations from employees against other employees and/or the employer itself based on discrimination, harassment, wrongful termination, retaliation and other specified “Wrongful Acts”. This is what is commonly known as “First Party” EPL coverage, the first party being the employee as the claimant.

So, what is a “Third Party” EPL claim? Allegations of specifically discrimination or harassment against the employees and/or the employer from “Third Parties” with whom the employees come in contact during the course of conducting business on behalf of the organization.

Third Parties include:

- ▶ Customers/Clients
- ▶ Vendors
- ▶ Independent contractors on the organization’s premises, like cleaning people

Classes of business with Third Party EPL exposure include:

- ▶ Artisan contractors (plumbers, landscapers, etc.)
- ▶ Business services (accountants, consultants, etc.)
- ▶ Commercial daycare centers and summer camps
- ▶ Fast food restaurants
- ▶ Fitness centers
- ▶ Hotels and motels
- ▶ Retail stores, including convenience stores and supermarkets

Claim Examples

DISCRIMINATION: A blind customer entered a local grocery store with his guide dog. The manager of the deli department asked the customer to take his dog outside because he thought the dog presented a health hazard. The customer sued for violation of the Americans with Disabilities Act.

HARASSMENT: A fitness center member filed a sexual harassment complaint, claiming her trainer was touching her inappropriately during her workouts with him. She complained to other trainers at various times and later to the supervisor who indicated there had not been any previous issues or complaints and therefore he did nothing. The client switched trainers but still felt uncomfortable with comments and remarks that he had started to make to her. This case was settled for a total of \$55,000 with \$9,872 in defense cost.

We can add Third Party coverage to our EPL policy for many classes for an additional premium charge of 10% of the annual premium.

