

NEW PRIVATEEDGE



EMPLOYMENT PRACTICES LIABILITY



PrivateEdge offers an Employment Practices liability module. Increasingly relevant we think for small and medium sized businesses and organisations, because businesses face several difficulties in this area.

Firstly employees are getting more litigious. Perhaps aided by solicitors on a no-win, no-fee basis, employment tribunal cases have increased – there were 132,000 of them last year. But in reality businesses actually faced a lot more employment actions than that because we know from our own experience that many are settled in private without ever getting to tribunal.

Secondly cases are getting more expensive as the caps on awards are increased each year – although they are unlimited in discrimination cases. Also there's defence costs (we expect to pay around £20,000 to defend a discrimination action) and if they lose, businesses will need to pay the employees' costs as well.

Thirdly there's a much broader range of employment legislation for businesses to keep track of – such as age discrimination or religious discrimination. While stricter provision for sexual discrimination for instance is reflected in the doubling of numbers of sexual discrimination cases over two years and a five fold increase in equal pay cases.

And **fourthly** more is expected of employers in their handling of employee actions. The burden of proof lies heavily with employers who also need to follow strictly defined disciplinary, dismissal and grievance procedures (otherwise they could lose a case by default).

All this means that as far as employment practices are concerned there's a lot for businesses to think about, and some of them (possibly without specialist HR departments) may make expensive and time consuming mistakes. Which is why they might want to think about employment practice liability insurance.

Another mistake may be thinking that legal expenses insurance does the same job as employment practice liability insurance. It doesn't. For one thing legal expenses insurance imposes specific procedures, and if companies make mistakes in their employment practices they might not be covered.

Policy limits are relatively low (say £50,000) and as its name suggests legal expenses insurance may only cover legal expenses – not awards or settlements. But most of all, it only covers actions that you're likely to win. If clients rely on legal expenses insurance for their employment practice exposures they should understand its limitations – because if there's one thing worse than not being covered... its not being covered but thinking that you are.

PrivateEdge Employment Practices Liability covers damages, judgements, settlements and defence costs for a huge range of employment practice violations. It covers claims from past and present employees, as well as discrimination and harassment claims from visitors like customers or suppliers to the business. Limits are usually up to £15 million and importantly (and unlike legal expenses insurance) cover is provided for defence costs, damages, awards and settlements regardless of the chances of winning... and there are no specific procedural requirements.

Finally, PrivateEdge Employment Practices Liability includes a suite of support services to help policyholders stay informed and reduce the likelihood of an employment practice claim. These include:

- Unlimited use of a legal helpline on employment law, health & safety law and general commercial law
- A confidential whistleblowing helpline
- A comprehensive online library of employment procedures and documents
- And e-mail bulletins on emerging legislation.

Cover is subject to policy terms and conditions and exclusions apply (such as fraud, claiming twice for the same claim, bodily injury or actions that have nothing to do with the employee's employment). You can download a Product Profile summarising the main features and exclusions of PrivateEdge Employment Practice as well as a copy of the script of this webcast and a sample policy wording. Thanks for listening.

THIS INFORMATION IS INTENDED FOR INSURANCE BROKERS AND OTHER INSURANCE PROFESSIONALS

This information is a brief product description only. Any scenarios should not be relied on to justify coverage in any situation.

Please refer to the policy wording for full terms and conditions

This insurance is underwritten by AIG UK Limited which is authorised and regulated by the Financial Services Authority (FSA number 202628).

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