

# LEGAL EASE

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## ONE SIZE DOES NOT FIT ALL

The devastating cost of an employment discrimination claim can reach millions of dollars. More alarming, the number of employment-related claims—and their monetary damages—is increasing.

With this in mind, it's a good idea to investigate available insurance options. However, not all insurance companies are equal. Careful scrutiny ensures optimal coverage at a competitive price.

### **What is employment practices liability insurance?**

Employment Practices Liability Insurance (EPLI) provides extensive protection against potential lawsuits. Depending on the specific agreement, EPLI covers expenses incurred in defending an employment-related lawsuit—coverage often excluded from general policies.

### **What should I consider when selecting EPLI?**

Make sure you understand what the policy covers and does not cover. Consider the insurance company's reputation for claims responsiveness, financial solvency, etc. Also, review and understand the "hammer clause," which allows the insurer to decrease or eliminate coverage if the employer refuses to settle a claim as instructed by the insurance company.

You should also be aware of how the insurer handles disputes. Some policies require you to select counsel from a list or panel approved by the insurance company while others allow the use of other counsel.

Examine whether the policy provides defense-only coverage or both defense and indemnity coverage. In a defense-only policy, the insurer pays for all or part of the cost of defending a claim, but does not pay for any settlement or judgment. Indemnity coverage includes the judgment. <<



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