

IN THIS ISSUE:

- ≡ Is Your Bank Prepared to Handle Employment-Related Claims?
- ≡ Transitional Policy Non-renewal Update
- ≡ Introducing John Graham

Is Your Bank Prepared to Handle Employment-Related Claims?

The employment front continues to be challenging. The job market remains difficult with few employment opportunities available. When displaced workers are unable to find new jobs, they are more likely to file lawsuits against their former employers and pursue those lawsuits with persistence.

Why? They are desperate for a settlement or judgment to help compensate for their lack of income as they continue their job searches. And, it is emotionally difficult for them to move on from the loss of their jobs so they funnel their time and energy into litigation against former employers. Banks have not been spared from this distressing trend.

According to Laura Simmons, EPLI Claims Manager at ABA Insurance Services, the allegations made in employment-related claims today remain consistent with previous years—wrongful termination, discrimination, sexual harassment and retaliation. The difference is the claimant's aggressive pursuit of his or her claim. In the past, many claimants did not want to deal with the disruption in their lives that litigation can cause. Claimants did not want to “burn bridges” with former employers and preferred to agree on quick and easy settlements. This is no longer the case. Today's claimants are very emotionally invested in their claims. They feel wronged by their former employers and want to “get even,” regardless of the circumstances surrounding their departure. They are rarely satisfied with a quick settlement and now have the time and energy to devote to the litigation process.

What can you do to help avoid these claims?

Treat displaced employees with respect. It is never easy to lose a job, regardless of the circumstances. Keep this in mind and allow the employee to leave with their dignity intact. If available and appropriate, offer displaced employees services such as outplacement counseling and resume writing assistance. These services may be available at a nominal cost, saving your bank money in the long run.

Additionally, banks that purchase Employment Practices Liability Insurance from ABA Insurance Services can utilize two very valuable loss control services at NO ADDITIONAL COST from Littler Mendelson, P.C., the nation's largest employment and labor law firm:

1. HRRiskManager.com

This password-protected Web site provides over 2,500 pages of useful HR forms, employee policies, reference manuals and more—all prepared by Littler attorneys. Insureds can access and download helpful tools such as model employee handbooks, standard HR forms, state and federal employment law reference manuals, The Hire & Fire Guide, employment law news alerts, employment law training, Preventing Harassment in the Workplace Manual, and more. Resources specifically for banks address employee accounts and personal finances, prohibited transactions, elder financial abuse, proprietary information, return of bank property, extension of credit to relatives, and fiduciary appointments.

SIDE NOTES

MEMBERSHIP CAN MEAN

SAVINGS. Banks that are members of the American Bankers Association enjoy the following savings benefits:

≡ 15% DISCOUNT ON STAMP SURETY BONDS THROUGH ABA INSURANCE SERVICES.

Purchasing a STAMP Surety Bond assures a bank that its guarantees will be immediately accepted for processing by Transfer Agents. Additional benefits include limits up to \$5 Million and an additional 10% discount applied to 3-year premium payments. For more information, contact ABA Insurance Services or visit abais.com/stamp-surety-bonds.aspx.

≡ THROUGH NOV. 5, 2010, SAVE 40% ON THE IMPLEMENTATION FEE FOR CDARS®.

CDARS can help banks to offer customers access to multi-million dollar FDIC insurance, to keep the full amount of deposits or sell excess deposits for fee income, or purchase wholesale funding. To learn more, contact Promontory Interfinancial Network's Steve Kinner at 1-866-776-6426 (option 4) or request a due diligence report from the ABA at 800-BANKERS. For more details, visit www.aba.com/CAB/cab_cdars.htm.

For ABA membership information, call 800-BANKERS or visit www.aba.com.

≡ VISIT ABA INSURANCE SERVICES AT THE ABA ANNUAL CONVENTION, OCT. 17-20.

Is Your Bank Prepared to Handle Employment-Related Claims? continued

2. Employment Practices Helpline

Access is simple: Just call the Helpline and identify yourself as an insured of ABA Insurance Services. An employment attorney from Littler will assist you with your employment or labor law question or concern by:

- ≡ Guiding you through the proper steps with respect to personnel actions;
- ≡ Answering employment-related legal questions; and
- ≡ Identifying the best approach to investigate, document and resolve workplace issues/disputes.

There is no limit to the number of calls; however, the Helpline does not provide advice in connection with active litigation, reviewing or drafting documents, transactional work, trade secrets/covenants-not-to-compete, ERISA matters, on-going advice matters, wage and hour issues or advice requiring significant legal research.

Communications with Littler attorneys are protected by attorney-client privilege. No details of the communication or advice given will be disclosed to others, including ABA Insurance Services or your agent. After receiving Helpline assistance, there will be no continuing attorney-client relationship with Littler until you call again or choose to enter into a formal agreement for other services.

PLEASE NOTE: Information provided to Littler does not constitute notice of a claim to ABA Insurance Services. Claims must be reported directly to ABA Insurance Services per the terms of your insurance policy.

For more information about this valuable loss control program which is available to banks that purchase Employment Practices Liability coverage from ABA Insurance Services, contact your agent or underwriter.

Current EPLI customers can contact the ABA Insurance Services Underwriting Team at 1-800-274-5222 for HRRiskManager.com login information or for the Employment Practices Helpline phone number.

Introducing John Graham, our new Senior Underwriter



John Graham recently joined our underwriting team as a Senior Underwriter, with over 24 years of underwriting and banking experience. He has 10 years experience underwriting Professional Liability products for publicly traded companies at Genesis Professional Liability Managers, 4 years as a Marketing Account Manager for Life Equity and 2 years at Progressive in the Professional Liability Group.

John understands the challenges of community banks. After graduating from Bowling Green State University, John worked in retail and commercial banking at regional banks in Ohio for over 8 years.

Out of the office, he is actively involved with his three children and their various sports activities, either coaching them on the field or cheering from the bleachers.

Contact John at 1-800-274-5222 or jgraham@abais.com to discuss coverages for your bank.

Transition Update:

The transitional policy non-renewal process is nearly complete

Just as a reminder to our agents and current customers, as policies are moved from Progressive to Everest, all banks either have received or will receive a transitional non-renewal notice from Progressive. This is required by state regulation to ensure that you are aware of and understand that Progressive is withdrawing from the marketplace. It is our intent to renew coverages with Everest unless you hear otherwise from your underwriter. The transitional non-renewal process is currently underway in all states except Alaska, Arkansas, California, Florida, Louisiana, New York, Massachusetts, Virginia and Washington. The process in these states will begin once state approvals are obtained.