

Employment Practices Liability

Employment Practices Liability coverage protects against **Losses** arising from **Wrongful Employment Acts**.

Key Definitions

Losses covered include judgments, settlements, defense costs, and punitive damages (where insurable by law).

Wrongful Employment Acts are defined as any actual or alleged wrongful termination, discrimination, sexual harassment or certain other violations of statutory or common law relating to employment.

For Example

- ≡ A bank begins to experience financial problems and as a result decides to downsize. The president writes a memo to the board stating that senior personnel should be terminated in order to make room for young, energetic people who do more work at a lower salary level. The 50-year-old operations officer, a 15-year employee, runs across the memo prior to leaving. He sues the bank for violations of the Age Discrimination in Employment Act seeking back pay, lost benefits, attorneys' fees, and compensatory damages.

Optional Third Party Harassment Coverage

The **Third Party Harassment Endorsement** protects the bank by providing coverage for allegations of harassment made by customers, vendors, clients or other non-employees.

For Example

- ≡ **Third Party Harassment:** A small business owner is a long-time bank customer. A senior loan officer begins interacting with her during her visits, telling jokes and making small talk. He repeatedly tells her that she should see him if she ever needs a loan for her business. She eventually presents a loan request to him and alleges that he told her that he would only approve the loan in exchange for sexual favors. The customer files suit against the bank and the loan officer for harassment and infliction of emotional distress.

Availability

Coverage is available as a sublimit to the D&O Policy or as a separate limit of liability.