



What's the Deal with EPL?

By TDIC Risk Management Staff

Employment Practices Liability insurance, often referred to as EPL, provides protection for dental practice owners against specific claims made by employees, former employees or prospective employees.

EPL covers employment-related claims such as discrimination because of age, sex, race or disability, wrongful termination and sexual harassment, and pays for defense costs, settlements and civil damages in the event of such allegations. Risk management analysts at The Dentists Insurance Company say it is common for policyholders to mistakenly think their Professional and Business Liability insurance covers employment-related lawsuits.

However, Employment Practices Liability is an optional coverage within TDIC's Professional and Business Liability policy and is available with combined single limits. TDIC currently offers a limit of \$50,000 or \$100,000 and can be used for either defense or indemnity payments.

The Dentists Insurance Company began offering Employment Practices Liability coverage in 1998 as a response to the number of policyholders reporting employment-related claims.

TDIC records show a 650 percent increase in employment claims over 12 years with 45 closed cases in 2012 compared to six in 2000. Indemnity payments also continue to rise. In 2012, 45 percent of employment claims filed paid indemnity averaging \$12,366, in contrast to 2000, when 33 percent of claims resulted in paid indemnity averaging \$3,267. Records also show 2011 as a dramatic year for indemnity payments with 73 percent of employment cases paying an average of \$21,113.

Risk management analysts say the most prevalent claim is wrongful termination with sexual harassment coming in second. Analysts also say the indemnity payments can be a reflection that practice owners are not aware of or current on employment laws and principles.

"That's why EPL is a good idea for dental practices," says Sheila Davis, Assistant Vice President of Claims and Risk Management for TDIC.

Analysts point out that many small business owners think only larger businesses can be handed an employment-related lawsuit. The market for Employment Practices Liability insurance began to develop with large companies around 1991. However, between that year and 1994, according to an article in Business Insurance,

the number of employment-related lawsuits increased more than 2,000 percent. As a result, the need for EPL insurance coverage has expanded to businesses of any size.

The increase in employment-related indemnity payments, especially in recent years, could show a direct correlation to the economic downturn, according to analysts. Since 2008, many dentists have experienced a reduction in their patient base and a decline in production numbers as patients lost their dental benefits or, in many cases, their jobs. Dentists had to make tough decisions to lay off staff or reduce hours, resulting in less-than-happy employees.

To assist dentists with employee management, TDIC's website at thedentists.com includes information about hiring and terminating employees and effectively handling employment issues. Also available on TDIC's website is the Spring issue of Liability Lifeline, which includes comprehensive information about hiring employees and key resources for information on federal and state employment laws.

TDIC's Risk Management Advice Line can be reached at 800.733.0634.

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