



# Employment practices liability insurance

## Business Insurance

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Employment Practices Liability Insurance (EPLI) covers businesses against claims by workers that their legal rights as employees have been violated. These claims can include:

- Sexual harassment
- Discrimination

- Wrongful termination
- Breach of employment contract
- Negligent evaluation
- Failure to employ or promote
- Wrongful discipline
- Deprivation of career opportunity
- Wrongful infliction of emotional distress
- Mismanagement of employee benefit plans

EPLI policies typically reimburse your company for the costs of defending a lawsuit and for settlements or judgments. They usually **do not** cover punitive damages or criminal/civil fines. Liabilities covered by other insurance, such as workers' compensation, are excluded.

While the foundational risks remain, new workplace dynamics and legal developments have expanded EPLI exposures.

## Broader Scope of Claims

- Wage and hour disputes
- Employee misclassification
- Privacy violations
- Bias or discrimination in artificial intelligence (AI)-driven HR tools
- Issues arising from remote and hybrid work

Even smaller businesses now face risks that were once primarily associated with large corporations.

## Regulatory & Legislative Shifts

- **Pay transparency laws:** Many states require salary ranges, creating compliance obligations.
- **AI in HR:** Automated hiring, promotion, and evaluation tools may pose bias risks.
- **Remote work considerations:** Policies must ensure consistent treatment across on-site and remote employees.
- **EEOC updates:** Guidance now covers harassment and discrimination in online and remote workplaces.

## Emerging Risk Areas

- **AI bias in HR decisions:** Automation in recruiting and performance evaluation is under scrutiny.
- **Pay transparency and wage/hour issues:** Non-compliance can trigger claims.
- **Remote/hybrid work:** Inconsistent treatment can lead to disputes.
- **Increased claim severity:** Settlements and defense costs are rising in some sectors.

## Practical Steps for Businesses

### 1. Review Your Coverage

- Ensure EPLI policies cover modern exposures, including wage/hour disputes, remote work, and HR automation.

### 2. Strengthen Risk Management

- Update hiring, evaluation, termination, and remote work policies.
- Provide regular training on harassment, discrimination, and compliance.
- Document employee disputes and corrective actions.
- Monitor technology and AI use in HR decisions.

### **3. Stay Compliant**

- Track state and federal regulations, including pay-transparency laws and AI governance.
- Ensure policies are consistently applied across remote and on-site employees.

Claims by employees are increasing, and workplaces are more complex than ever. EPLI protects your company by covering legal defense costs, settlements, and judgments, while supporting a broader employment risk-management strategy. Even small businesses face exposures they may not have considered, making EPLI an essential part of workplace protection.

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