



## ***Important Responses To Frequent Objections***

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### ***1. The price is too high.***

EPLI coverage from AVEMCO Insurance Company is well worth the price. Consider what you must do to prepare and defend even a groundless allegation against you or your company.

**Legal Bills**—The average legal bill for defending a groundless employment case is estimated to be \$20,000 minimum. Most attorneys specializing in employment law earn around \$300 per hour. Asking a law firm to open a file can cost \$3,000.

**Finding & Engaging Expert Counsel**—Without coverage, you would have to dig deeply into your work time to organize and manage your case.

**Preparing the Case**—Without EPLI claims management specialists, you would have to be the liaison with the counsel you engaged and perform the leg work to help prepare the case. All in all, you would lose countless hours of management time away from your business—not to mention the emotional drain on you and other members of your staff.

### ***2. Who wants to sue me? I've done nothing wrong.***

The person you would least expect will sue you. It's been proven countless times. The law of averages will catch up with you. All it takes is a good lawyer (certainly in abundance) and a motivated employee. And you are correct when you say you've done nothing wrong. Often cases have no factual basis for a suit, yet you need competent counsel to prepare your defense. If you don't respond quickly and prove that you have made a good faith attempt to comply with the law, everyone involved in the suit will proceed forward and an allegation could escalate into the courts. And you do not want an allegation to evolve into a jury trial. If the allegation does progress to a jury trial, the defense costs alone will justify your policy purchase.

**Harassment**—No matter how hard you try to stress and foster respect, someone will get out of line. All it takes is one sexual harassment case to severely impact your bottom line. These are the hardest to defend as it's usually "he said/she said". And if the case gets to court...you're at an even greater peril since statistically, sympathetic juries often side with and take the plaintiff's view. The Supreme Court Ruling in the Teresa Harris case no longer requires proof or psychological injuries to win a harassment case.

**Wrongful Termination**—This is the favorite choice of plaintiff's lawyers. They will pull out all the stops to take the case before a jury. They call it the "Big Bad Wolf" case. Who does the jury favor when the "Big Bad" oppressive employer fires a hard working, loyal or sick employee? The employee usually wins.

**Discrimination**—This is also a hard one to defend if it gets to a jury. Any form of discrimination helps create an "underdog" situation. The jury almost always sides with the person claiming discrimination. You need a first class defense team to help minimize the effect. This requires counsel experienced in defending discrimination cases and case management specialists who can help you prepare for the litigation by gathering the documentation to support your defense.

Attorneys agree there is no middle ground when you're facing discrimination charges. You have to fight all-out or settle quickly. Any hesitation might be thought of as an admission of guilt. Discrimination claims on average cost anywhere from \$100,000 to \$250,000 in defense costs alone.

### ***3. EPLI is discretionary coverage; I really don't need it!***

Employment practices coverage is no longer just "nice to have." You are more likely to have an EPLI claim than a GL or Property claim. This policy does more than just defend you. As a policy holder, we help you prepare your first line of defense. This policy comes with an innovative Human Resource Compliance Assistance tool "Your HR Dept" package which allows you to quickly perform your necessary compliance documentation. It's in your best interest as a business owner and a policyholder.

Performing the self-audit is not only the right thing to do—it's your proof of making a good faith attempt to comply with the law. It also prepares your company to prove in court that your company does have an anti-discrimination policy and an anti-harassment policy in place and in writing. You can also prove that all employees have read and subscribe to the policy. These are just a few of the policy statements and procedures you need in place to comply with current federal laws. Your state and local government also have similar laws. "Your HR Dept" helps you fight groundless allegations and becomes your first line of defense. So buying and owning coverage helps you in two ways. It provides a compliance tool that will help defend your good faith attempt to comply with the law and the coverage helps protect your company's bottom line. Coverage provides for those unforeseen, unfunded and exorbitant defense costs.

### ***4. Why does it cost so much?***

Our pricing is very competitive. If you haven't gotten a quote for your company yet, you should do so right away. We can provide a quote to you with various limits and retentions, and we do not have expensive \$5,000 minimum premiums like some other insurance companies. The quote indication you'll get from us is rated and based on the number of

employees at your company. If you look at the various limits, retentions and co-pays available, there is one to fit your company's needs and situation.

### **5. Did your company buy an EPLI policy?**

You'll have to be ready to respond. Your organization should have the coverage. Be ready to describe why you purchased it. Your purchase is an excellent proof statement of the exposures your company faces and the need for the coverage. If you've had an unfounded allegation you can explain it.

### **6. I pay so much for my insurance now...don't I have coverage under my GL or the umbrella?**

**No.** GL in most cases specifically excludes employment practices coverage. And if your primary GL coverage excludes this protection your umbrella will not pick it up. Until insurers specifically include this coverage in the GL you technically don't have coverage. It's that simple. You are bare. That's why we're talking to you now. We consider EPLI to be as necessary as general liability coverage. And you wouldn't think of doing business without general liability coverage.

### **7. If the EPLI policy doesn't cover everything... what good is it? Why should I buy it?**

If the policy covered all situations of employment law it would be cost prohibitive. No one could afford it. What this policy covers are the most common problem areas of the law. The policy specifically covers harassment, discrimination and wrongful termination. It also covers broad judgments, back pay, appeals, bonds, pre-judgment interest, post-judgment interest, punitive damages where insurable by law, class action suits and administrative charges. The coverage is triggered by an allegation. This gets you expert counsel and claims management specialists involved before it gets to a full blown lawsuit. The policy also covers the entity, directors/officers, employees, former and prospective employees. While it doesn't cover everything this policy provides very broad-based coverage.

### **8. You're trying to sell me something I don't want or need!**

Nothing could be further from the truth. The only reason we are telling you about the coverage is that you do need it. Don't take our word for it. Talk to your lawyer or your accountant. They will certainly give you a good idea on

how financially devastating a jury trial can be to a company your size. Also read the paper and your industry publications. Sample suits are in the headlines, day in and day out. True...you may not want the coverage, but there is a very real need for it. Our first customers for this coverage were companies who already had been involved in suits. They know first hand how expensive defending yourself can be.

### **9. "I have all my ducks in a row." They can't sue me.**

We know firms that have spent sizable sums hiring a lawyer and a human resource expert to audit their business. They however, will be the first to tell you that you are not "bullet-proof". Even frivolous suits require expensive defense costs. Depending on the allegation, they can cost anywhere from \$20,000 up to the high six figures. Having your business audited will not protect you from allegations or a law suit, but it will aid in your defense when the time comes.

### **10. If I buy the policy, can I work with my own counsel?**

Working with someone you know has obvious advantages. But why would you want to take on the added responsibility of working out the details of your defense? Our claims personnel are experts and specialists in defending employment suits. Employment suits are their only business. Our claims management specialists do nothing but assist counsel in managing employment suits. This team of experts is designed to make your life easier and help relieve you of managing the day to day details of the suit.

### **11. Many colleagues tell me if I don't carry the coverage, I will not get sued.**

We wish it were true for your sake. Unfortunately people who give you this advice have not been taken to court, or at least have not had an employment allegation brought against them which is reprisal based. Without coverage you are even more vulnerable to exorbitant defense costs if one of your employees thinks he or she can "get even" because of a perceived wrong done by another employee or one of your management staff. Most times the purpose of the suit is revenge and money. Your perceived "deep pockets" is often only a side benefit to the employee. In most cases, what your friends have told you has no basis in fact. Your number one objective is to protect the assets of your business. Any good employment counsel will tell you about the perils of the reprisal suit.

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