

EEF Insurance

Employment Practices Liability – FAQ's

What is Employment Practices Liability?

Employment Practices Liability is a policy designed to pay on behalf of the insured Company, damages, judgments, settlements and defence costs which arise from or are a consequence of a claim in respect of an 'employment violation'. There is a broad definition of 'employment violation' within the policy terms and the policy is also extended to cover subsidiary companies, directors, officers and employees of the Insured involved in an action.

What if I already have this type of cover or have a Legal Expenses policy?

Companies with a Legal Expenses type policy may have very onerous conditions imposed upon them which can make a successful claim difficult. EEF members may also find this cover inappropriate alongside their EEF membership, as any advice provided by EEF may breach the conditions of the policy thus resulting in the insurer declining the claim. Insurers may also discontinue cover during Legal Proceedings if they consider that reasonable prospects of success no longer exist.

Whereas our exclusive policy means 'business as usual', allowing you to continue to deal with employment issues as you would currently do. In the event of an employment violation you notify EEF, they will then liaise with the insurer on your behalf. As EEF have delegated claims handling authority they can deal with the employment dispute on your behalf, handle any claims negotiations and can represent you at an employment tribunal. They will also endeavour to represent you even if reasonable prospects of success no longer exist.

What if I do not have this type of policy?

This exclusive policy is available to all EEF members who subscribe to the EEF Tribunals and Settlements Service option. This means that you may continue to utilise the service provided by EEF without having to refer to the insurer first.

Do we have to purchase this policy?

The feedback we have received from members is that employment law is becoming ever more onerous and that they would like to have the option of protecting themselves against the financial uncertainty of an employment dispute. EEF have an excellent track record in assisting members in all aspects of Employment Law and this exclusive policy is designed to complement their service.

How much will this cost?

Discounted rates are provided to EEF members to directly reflect the quality of the advice provided by EEF.

Examples include:

- For a company with between 26 and 50 employees, with a limit of indemnity of £100,000 and a £2,500 excess, cover can be arranged from £225.00 per annum
- For a company with between 201 and 250 employees, with a limit of indemnity of £500,000 and a £2,500 excess, cover can be arranged from £700.00 per annum
- For a company with between 451 and 500 employees, with a limit of indemnity of £1,000,000 and a £2,500 excess, cover can be arranged from £1,500.00 per annum

The limit of indemnity (which includes defence costs) is on an aggregate basis and the excess applies in respect of each and every claim under the policy. The premiums do not include Insurance Premium Tax at the current rate of 5%. Limits of indemnity up to £10,000,000 will be considered on application.



An EEF Advantage



What are the excesses under this policy?

The standard policy excess is £2,500 and you can receive an additional premium discount if this is increased to £5,000. Note the excess does not apply to defence costs that fall within the EEF membership terms. Importantly, defence costs incurred that fall outside of the scope of your EEF membership will then be insured under the policy (subject to the policy terms) - for example, where expert counsel is employed or where an individual director or manager is personally sued.

What if I resign from EEF?

If you resign from EEF then Travelers shall be entitled to seek additional information from you regarding the termination of membership and amend the terms and conditions of your policy. They will also charge an additional premium because you will no longer be entitled to the discount that reflected your previous EEF membership. If terms cannot be agreed then the policy may be canceled.

How do I obtain a quotation?

Simply complete the relevant proposal form and return in the pre-paid envelope or to the address shown below.

Which proposal form should I use?

If you can confirm the acceptance criteria on the short proposal then use this form, if not then simply complete the other proposal form. Upon receipt of your completed proposal we will then, within five working days, aim to provide you with a full written quotation. To accept the quotation we will require your written instructions to incept the policy. Please remember that cover will only be in force upon your receipt of our written confirmation to you.

How do I make a claim?

To ensure that you benefit from the Employment Practices Liability policy and your EEF membership all you need to do is to speak with your relevant EEF Regional Office immediately upon becoming aware of any circumstance which may give rise to a claim, they will then liaise with Travelers.

Am I covered if I do not follow the correct Employment law procedures?

Travelers will take a pragmatic approach to a claim and will cover the costs associated had due process been followed.

This means that an EEF member will still benefit from cover under the policy if they fail to take advice but Travelers may apply an element of contributory negligence to the claim. Should a member completely ignore the advice given by EEF then it is unlikely that Travelers will provide cover in respect of the particular claim.

What does the policy not cover me for?

The policy does not cover benefits, compensation or damages payable in respect of contractual or statutory notice periods, taxes, fines penalties imposed by law, punitive damages, costs associated with any obligation to make any adjustments, adaptations or reasonable accommodations to premises, buildings or machinery due to requirements of disability discrimination law or the cost of complying with an order for reinstatement, interim relief or of stopping specific working practices.

Where can I obtain further information?

If you have any additional questions then please contact Richard Davies or Jo Fensome at EEF Insurance on 0800 731 2606. A copy of the policy wording is available from EEF Insurance, Woodlands, Manton Lane, Bedford, MK41 7LW.

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