



Employment practices liability (EPLI)

Will you be protected if you are sued by one of your domestic staff?

Affluent individuals often operate their home as a small business because of their unique exposures. You may have a full-time property caretaker, personal assistant, housekeeper, gardener, nanny, chauffeur, private chef, caregiver or bodyguard. You shouldn't let your guard down even if your domestic staff feel like an extension of the family. You are just as at risk of an employment-related lawsuit as any other employer. Unlike corporate employees, domestic staff has access to intimate information about you and your family which could be used against you. Even if you handle all employee interactions appropriately, you can still be liable if one employee behaves inappropriately with another.

Regardless of the outcome, the cost to defend against an employment-related lawsuit is high. Not only do you need to worry about financial costs associated with defending a lawsuit and potentially paying a settlement, but it will take time away from your work and family, compounding an already stressful situation. If handled improperly, the claim could also cause irreparable harm to your reputation.

How you are at risk

According to the Equal Employment Opportunity Commission (EEOC), during their fiscal year ending September 30, 2014, nearly 43% of the approximately 89,000 workplace discrimination charges they received included retaliation claims. The next top discrimination claims filed were for racial discrimination, sexual discrimination (including harassment) and disability discrimination.¹

Consider these scenarios. Could they happen to you?

- A gardener of 10 years is fired without warning. He allegedly overheard his employer's wife making negative comments about him. He claims he was wrongfully terminated due to discrimination.
- A part-time nanny suddenly quits her job and claims her employer's husband was making inappropriate comments to her when they were alone in the house. She is filing a lawsuit for sexual harassment.
- A housekeeper of 20 years is replaced by a much younger housekeeper at a cheaper salary. She sues for wrongful termination and age discrimination since she's had an impeccable work record and was not given a reason why she was let go.
- A personal chef sues for back pay claiming she was expected to be "on call" 24 x 7 even though her salary was based on a verbal agreement of a 40-hour work week and she wasn't ever paid for overtime. She makes malicious comments about her employer on social media which creates a frenzy that gets picked up by a local TV station and tarnishes the employer's reputation.

How Nationwide Private Client responds

Nationwide Private Client offers our optional limited employment practices liability (EPLI) coverage,² with limits of \$250,000 or \$500,000 that can be added to your

personal excess liability policy. The optional coverage will pay damages that the policyholder is legally obligated to pay to a residence employee arising out of a wrongful employment act, wrongful termination or discrimination. Coverage includes defense outside the limit.

Our personal excess liability policy includes employment event fund coverage up to \$25,000³ for the reasonable expenses incurred by engaging an employment event management firm to minimize potential loss as a result of an employment event. If applicable, we can help you secure an event management firm of your choice, which could include a professional public relations consulting firm, security consulting firm, media management firm, investigative firm or a law firm. Services could include getting help to mitigate reputational damage by comments a disgruntled employee said to the media, legal advice as soon as they suspect the employee will be filing a claim or an investigation to help prove that an employee's damaging claims were false.

If you believe you are implicated in a covered employment liability situation, you should report the claim to your agent and Nationwide Private Client by calling our toll-free number at 855-473-6410.

Why it's important for you

Personal umbrella and homeowners coverage don't provide proper protection for employment liability claims as these policies only apply to claims alleging bodily injury or property damage claims. If you have domestic employees, talk to your agent about adding limited employment practices liability coverage.

Nationwide Private Client offers these added benefits:

- Our limited employment practices liability coverage applies when up to five residence employees are on staff at inception date of policy.

¹eeoc.gov/eeoc/newsroom/release/2-4-15.cfm

²The employment act must occur during the policy period. Minimum underlying limits required. Annual aggregate limit.

³Annual aggregate limit.

⁴Contact your agent for policy limitations.

⁵Based on revenue, Fortune (June 2015).

⁶Ratings affirmed 9/12/13 by Moody's, 4/2/14 by A.M. Best, and 5/13/14 by Standard & Poor's.

- Our personal excess liability policy includes up to \$25,000 of employment event fund coverage.
- Our personal excess liability policy includes up to \$10,000 (or up to \$250,000 with the protection endorsement) of expanded defense coverage for the reasonable expenses incurred to have your attorney consult on a claim we defend.⁴
- A solid personal risk management approach should include conducting background checks before hiring any domestic staff. We provide you with access to Pinkerton, one of our trusted Risk Solutions partners, for background checks at discounted rates.
- Exceptional claims handling provided by Nationwide Private Client.

Why Nationwide Private Client

Nationwide Private Client is dedicated to helping protect the assets and reputations of our clients. Our highly personalized insurance products, services and concierge style claim management are thoughtfully designed to meet the distinctive needs of affluent individuals and families. We are committed to providing you a superior experience whenever you need assistance.

Nationwide, a Fortune 100⁵ company, is one of the largest and strongest diversified insurance and financial services organizations in the U.S. and is rated A1 by Moody's and A+ by both A.M. Best and Standard & Poor's.⁶

Additional resources:

- pinkerton.com