

CAMICO Announces New Employment Practices Liability Program

By Emily Franchi

With labor laws constantly proliferating and changing employees' rights in the workplace, and with legal claims soaring, it's sometimes difficult to know what you should and shouldn't do as an employer.

Consider the following scenario based on an actual employment practices liability claim:

A medium-size CPA firm was getting increasing pressure from clients and non-clients to take on additional work, but the firm was having great difficulty finding qualified staff to handle the work. At one point, the firm's CEO sent out a memo to all staff members and selected clients, indicating that the firm was seeking "young people" interested in careers with the firm. As a result of responses to that memo, the firm hired two recent college graduates.

Several months later, the firm decided to dismiss two middle-aged employees who were under-performing and had never sufficiently developed their professional skills in accordance with firm standards. Upon termination, the two employees sued the firm, alleging violations of the Age Discrimination in Employment Act.

The dismissed employees also alleged that the firm had not provided them with the same levels of training, mentoring, or work opportunities that had been proffered to the younger employees, and as a consequence they were unable to develop professionally as the firm had required.

A verdict of \$2.2 million was awarded against the firm, which was ordered to repudiate the memo referring to "young people" and to inform all employees within the firm of the verdict.

This was just one of thousands of charges filed by employees every year. The U.S. Equal Employment Opportunity Commission reports that in 2006 employees nationally filed 75,768 charges, not including litigation, over alleged violations of laws prohibiting discrimination, harassment and retaliation.

Non-discrimination laws alone cover age, gender, sexual orientation, physical or mental disability, medical condition, pregnancy, physical appearance, religion or creed, national origin or ethnicity, race or color. And there are exposures from other allegations such as wrongful termination, breach of contract, slander or defamation, and failure to hire, train or compensate fairly.

As federal, state and local employment laws multiply, firms of all sizes are increasingly vulnerable to employment practices liability claims and litigation. Large firms are natural targets and suffer the greatest financial losses, but even small firms are often held responsible for damages of \$50,000 and up.

In response to a growing demand from CPA firms for insurance protection, human resources advice, and legal services, CAMICO has rolled out a comprehensive employment practices liability insurance program. The CAMICO program provides defense and indemnity coverage for full-time, part-time and contract workers, and it includes third-party coverage that protects the firm in the event that an allegation is made by a client's employee against an employee of the firm working on site with a client.

Firms with fewer than 10 employees qualify for CAMICO's value program, which provides a limit of \$100,000 per claim, \$100,000 in aggregate, and a \$5,000 deductible. The standard program provides firms of all sizes with limits of up to \$1 million per claim and \$2 million in aggregate. Deductibles range from \$5,000 to \$25,000.

Additionally, a number of key benefits are included in the CAMICO program:

- significant financial incentives to encourage early reporting of incidents;
- direct access to a specialist who will personally advise and assist policyholders with human resources protocols, including setting up and updating employee handbooks; and

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- an online support center that puts human resources tools at the policyholder's fingertips, including job descriptions, best practices, and a comprehensive employee handbook template that can be easily downloaded, customized and updated.

In short, CAMICO's employment practice insurance program provides the same comprehensive and personal services to protect CPA firms that firms receive from CAMICO's professional liability insurance program.

For more information and an application, go to: www.camico.com/epl or call 1.800.652.1772 for assistance.

Emily Franchi is the loss prevention specialist for employment practices with CAMICO Mutual Insurance Company (www.camico.com). She provides CAMICO policyholders who have Employment Practices Liability coverage with support on a variety of human resources management issues, focusing on employee relations and legislative compliance for the workplace. Franchi works with policyholders to reduce exposure to potential employment practices claims, and she provides education and assistance in creating professional work environments.

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