



## Employment Practices Liability Insurance Frequently Asked Questions

(Last Updated 2/19/2008)

### What is MEMIC Edge with EPLI?

MEMIC can now offer a quality, affordable employment practices liability insurance (EPLI) product as an endorsement to the workers' compensation policy. This endorsement can be selected by an insured policyholder when they buy their workers' compensation through MEMIC. It is not sold separately. MEMIC Edge with EPLI comes through MEMIC from our partner, London-based Beazley, a Lloyd's syndicate, and a world leader in employment practices coverage.

### What does MEMIC Edge with EPLI cover?

Our policy provides coverage for employment practices, including lawsuits arising from:

- Discrimination
- Sexual harassment
- Wrongful discipline
- Negligent evaluation
- Wrongful termination
- Failure to employ or promote
- Breach of employment contract
- Deprivation of career opportunities
- Wrongful infliction of emotional distress

### What are the standard limits and deductibles?

The standard product provides for a \$100,000 limit with a deductible of \$5,000. There are options to allow for a \$2,500 deductible or for a \$250,000 limit. Talk to your insurance agent if you are interested in the lower deductible or high limit options

### Do you offer third party or prior acts coverage?

Additional coverage such as coverage for acts by or against a third party and coverage for acts before this policy is in place is available. Speak to your insurance agent about this enhancement which requires underwriting review by MEMIC. Prior acts coverage requires a prior EPLI policy in-force without a lapse in coverage. With the purchase of Prior Acts, Third Party and Punitive Damages coverage is included.

### Is an application needed?

The standard MEMIC Edge with EPLI endorsement requires no application. Enhanced policies require a limited application to be completed with your insurance agent.

### Who qualifies for this endorsement?

Nearly all of MEMIC policyholders qualify for this endorsement. Those ineligible for this endorsement include:

- Household staff (unless incidental) including NCCI Class Codes 0908, 0913 as well as 0909 and 0912
- Temporary staffing companies when the temporary staffing company is the named insured on the policy
- Professional Employer Organizations, or PEOs, where the PEO is the named insured on the policy
- Policyholders with more than 100 employees, per statutory limitations (MEMIC can arrange for coverage for employers with more than 100 employees through a special arrangement with our partners at Beazley. Talk to your insurance agent to find out more.)

### Who should purchase this endorsement?

MEMIC will market this endorsement to all qualified policyholders with fewer than 100 employees. Given the litigious and complicated employment environment we live in today, we believe any employer is wise to have this coverage. Nationwide, more than 40 percent of employment related lawsuits are filed against employers with fewer than 100 employees.



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### Is it for small employers?

This product was designed with small employers in mind and, because MEMIC serves so many small employers, it is especially affordable. Many other EPLI endorsements offer lower limits or less coverage. Standalone EPLI policies often contain minimum premiums of \$1,000 or more, making them unaffordable for small employers.

### How are claims handled?

To make a claim, policyholders will call MEMIC at 1-877-310-EDGE (1-877-310-3343). MEMIC arranges for claims to be handled through a law firm that specializes in employment practices. When necessary, this specialty law firm works with Maine-based attorneys to provide policyholders with MEMIC Edge a legal defense. When a claim has been made and is identified as an employment practices claim (as opposed to a workers' compensation injury claim), we'll connect you with the expert lawyers who will begin helping you.

### Does this product include any educational services?

Policyholders who purchase the MEMIC Edge with EPLI endorsement will be granted access to the MEMIC Edge Helpline, an internet-based service that offers up-to-date information about best practices, legal responsibilities, sample policies and job descriptions. The MEMIC Edge Helpline includes monthly e-mail updates, keeping employers abreast of legal issues as well as new state and federal legislation.

### How much does it cost?

Our standard MEMIC Edge with EPLI product is just \$32 per full-time equivalent employee per year for the standard coverage with a deductible of \$5,000 and a limit of \$100,000. Other options for deductibles and higher limits are available. Contact your insurance agent to discuss these options. To arrive at your premium for this additional product, simply multiply the number of full-time equivalent employees by \$32. The enhanced product, which can include broadened coverage such as third party/punitive damages and prior acts, must be submitted to your MEMIC underwriter for a quote. Certain types of businesses, or employers with previous EPLI claims may be subject to a 25 percent surcharge.

### What is the minimum premium?

There is no minimum premium. If an employer has a single covered employee for the standard \$5,000 deductible/\$100,000 limit option, the charge would be \$32 for the endorsement for the year.

### How do I calculate a full-time equivalent employee?

For the purposes of this coverage, part-time employees should be counted as .5 while each full-time employee is counted as 1. Simply add the total and round to the nearest whole number to arrive at the employee number. Also, it is important to note that employees (such as owners and officers) cannot be excluded from EPLI as they are from workers' compensation. Board members or officers who are active in the operation must be included in this calculation even if they are excluded for workers' compensation purposes.

### What makes this product different from other EPLI available in the marketplace?

MEMIC Edge with EPLI is designed for the small employer. It is affordable and provides higher limits than many other products sold in this market. There is no minimum premium and the limit includes legal representation. The web-based resource that accompanies this endorsement follows MEMIC's philosophy of providing education to help employers reduce their risks.

Because MEMIC Edge is directly linked to the workers' compensation policy by endorsement, this novel approach allows these coverages to work together to complement one another, ultimately reducing risk in both areas.