



Employment Practices Liability: Keeping Your Bank Protected



BY CRAIG M. COLLINS – PRESIDENT, FINANCIAL SERVICES

Community banks already have much to contend with in keeping up with building safety and security, phishing schemes, cyber issues and managing compliance standards. Improper and unpredictable employee behavior is an additional challenge that when not managed correctly, can cause issues in the bank that could harm employee productivity and could negatively impact the financials of the bank.

Employment practices liability (EPL) claims can include allegations of discrimination, wrongful termination, harassment and a host of other charges. This article will examine tactics you can employ in your bank to help protect your bank from these types of claims.

Policies and Procedures

Documenting the type of behavior that is unacceptable is a must-do for any organization, regardless of its size. Policies and procedures should be written with the current law in mind, and include how to report a complaint, documenting and investigating the complaint, as well as repercussions for those who violate the expected behavior standards. Copies of the policy should be shared with all employees upon hire, and reviewed at least annually with all employees. They should also be periodically reviewed to ensure they are kept current with any new or changing laws. If you are unsure about how to draft or obtain policies and procedures, consider contacting your state banking association. Many times they will have template policies that are compliant with your state laws, and can be customized for your specific needs.

Open Door Policy

A well-defined “open door policy” is critical to have in place. Employees need to feel comfortable approaching managers or others at the bank to discuss allegations of unacceptable behavior. Confidential communication must be welcomed without any fear of retaliation.

Insurance

Even the best policies, procedures and work environments cannot prevent all employment practices issues. Plaintiff attorneys are becoming more aggressive, and defense costs are becoming larger as well. With this in mind, now would be a good time to review your existing EPL insurance coverage and limits with your insurance broker.

They will be able to provide you with a peer analysis of your coverage against similar sized banks across the country. Lastly, be conversant as to what your EPL policy may require if you receive a demand letter, a charge of discrimination or other employment-related issue. If a lawsuit is filed, be sure to promptly notify your broker and your insurance company.

Conclusion

EPL claims can occur whether your bank employs 5 or 500 employees. Maintaining good policies and procedures plus having an open door policy can help prevent EPL issues, while EPL Insurance should stand with you when preventative measures are not enough.

Coverages may be underwritten by one of the following insurance companies: Atlantic Specialty Insurance Company, a New York insurer; Homeland Insurance Company of New York, a New York insurer; Homeland Insurance Company of Delaware, a Delaware insurer; OBI America Insurance Company, a Pennsylvania insurer; OBI National Insurance Company, a Pennsylvania insurer; or The Guarantee Company of North America USA, a Michigan insurer. Each of these insurers maintains its principal place of business at 605 Highway 169 N, Plymouth, MN 55441, except The Guarantee Company of North America USA, which is located at One Towne Square, Southfield, MI 48076. This material is intended as a general description of certain types of insurance coverages and services. Coverages and availability vary by state; exclusions and deductibles may apply. Please refer to your insurance policy or consult with your independent insurance advisor for information about coverages, terms and conditions.