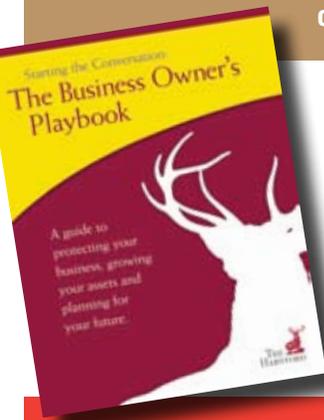


# Our New Website has Launched!

Visit [www.aahainsurance.org](http://www.aahainsurance.org) to access the brand new website for AAHA members. The new site features important program information, coverage descriptions, and educational articles. You can also download prior copies of *Business Insurance*. And now you'll have twenty-four seven access to insurance company phone and web information to file claims online. The website also offers an online quote form for the primary components of your business insurance portfolio: practice owners package, workers' compensation, commercial auto, mobile coverage, flood, and employment practices liability.



## New Business Tool for You—**Order Your Complimentary Copy Today!**

The Hartford recently published *The Business Owner's Playbook*, a guide that provides a basic introduction to protecting your business, growing your assets, and planning for your future. This forty-page publication is tailored for businesses with fifty or less employees and is divided into three sections for the emerging, growing, and transitioning company. Visit [www.aahainsurance.org](http://www.aahainsurance.org) to download a PDF or to order a free printed copy that The Hartford will mail to you.

# BUSINESS INSURANCE



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PRODUCED BY HUB INTERNATIONAL MIDWEST LIMITED FOR THE AAHA BUSINESS INSURANCE PROGRAM

VOLUME 3, NUMBER 3, FALL 2008

## Why You Need Employment Practices Liability (EPL) Coverage

How will you respond to allegations of sexual harassment or wrongful termination? Are you covered, or will you have to dip into your savings? Employment practices liability (EPL) coverage is as important to your practice as malpractice or fire insurance coverage.

### What is EPL?

Employment Practices Liability (EPL) insurance responds to allegations of discrimination, wrongful

*continued on page two*



*EPL continued from page one*

termination, and harassment. And although many business owners policies include a small sub-limit to respond to EPL allegations, the sub-limit (typically around \$5,000) will not be adequate to pay legal fees and settlements.

According to Jury Verdict Research, only 3% of EPL settlements were below \$5,000 between 2001 and 2007. That's why the AAHA Business Insurance Program offers a stand-alone EPL policy through CNA, a leading EPL provider. The AAHA-recommended policy features include higher limits, access to a toll-free legal hotline, and an optional punitive damage sub-limit (most EPL policies exclude punitive damages). Imagine paying legal fees and settlements out of your own pocket.

The AAHA-recommended insurance policy also contains a duty to defend provision, which means the insurance carrier must provide a defense even if the allegations made are groundless and false. This provision allows you to transfer your risk and the legal fees to the insurance company.

Another policy benefit available to AAHA members is a discount for on-site risk management visits.

## **The Legal Hotline—A Key Benefit for You**

*My technician is pregnant. How do I proceed with her employment? I want to fire an employee. What are the potential pitfalls?* Questions like these can and should be directed to the hotline as it is imperative to properly address these situations. Access to the hotline is included with your EPL policy. Attorneys and professionals with extensive EPL expertise staff the hotline.

## **Recent EPL Claims Against Veterinarians**

Here are two recent EPL claims for lawsuits filed against veterinary practice owners. Unfortunately, Drs. X and Y did not secure a separate EPL policy and only had a \$5,000 sub-limit in their practice owners policy. For Drs. X and Y, this was NOT enough and both practice owners were personally responsible for settlements and legal fees over and above the \$5,000 limit.

Employee A filed a lawsuit against Dr. X for sexual harassment, assault, battery, and intentional infliction of emotional damages. The insurance carrier investigated the claim and found 10% liability against Dr. X and took a no pay position

*EPL continued on page four*

*EPL coverage responds to allegations from current, former, and prospective employees for:*

+ Sexual Harassment

+ Discrimination

+ Wrongful Termination

*Additionally, clients, vendors, and other third parties can allege discrimination or harassment.*

*The EPL policy placed through the AAHA-recommended program also includes third party liability coverage.*

## **EPL JURY AWARD STATISTICS**

### **2007 EPL Jury Awards**

- ▶ **\$549,670 – settlement mean**  
(average calculated from the sum of all awards divided by the number of awards)
- ▶ **\$77,875 – settlement median**  
(the middle award value among awards listed in ascending order)

### **2006 EPL Jury Awards**

- ▶ **\$1,019,400 – settlement mean**
- ▶ **\$85,000 – settlement median**

### **Between 2001 and 2007:**

- ▶ **41% of jury-awarded settlements were more than \$100,000**
- ▶ **5% of jury-awarded settlements were more than \$1,000,000**

Information from Jury Verdict Research, *Employment Practice Liability: Jury Award Trends and Statistics*, 2008 edition.

# Does Your Workers' Compensation Policy Renew Within the Next 60 Days?

If so, now is the perfect time to perform an annual check-up of your portfolio. More specifically, check the benefits and resources available through using XactPAY Web<sup>SM</sup> and the multi-line cost-savings associated with adding business property/liability coverage.

## **XactPAY Web<sup>SM</sup>**

Make sure you take advantage of the XactPAY Web<sup>SM</sup> opportunity. In the last newsletter we featured this new workers' compensation premium billing solution that integrates with QuickBooks<sup>®</sup> payroll software. Your renewal is a seamless point to add this free service. Why use XactPAY?

- 1 Eliminate hefty premium down payments.
- 2 Improve cash flow by enabling as many payment installments as there are pay periods.
- 3 Avoid finance, service, and late fees through an automated payment plan.
- 4 Minimize the potential for audit adjustments at the end of the policy term.
- 5 Help reduce costly mistakes that may result in fines for inaccurate computations.

To start using XactPAY Web, complete and return the enclosed form. Or, just call 866-380-2242 ext. 4699.

## **Enjoy a Multi-policy Discount When You Add Your Practice Owners Package**

Furthermore, your workers' compensation renewal is the perfect time to

evaluate your business property/liability coverage. The AAHA Business Insurance Program is here to provide a free portfolio evaluation and quotation. When you add the practice owners package policy to your portfolio, you'll qualify for a multi-policy discount. A practice owners package policy offers a 'package' of property and general liability protection. The property coverage responds to losses or damage to physical property caused by a covered peril. General liability (also referred to as business liability) responds to losses such as if someone is injured as a result of a negligent act or omission in the operation of the practice (e.g., a client slips and falls on a wet surface in the reception area). In addition, the AAHA-recommended package policy offers protection for damage to valuable records and papers, perishables, and computers and media, among others. Every policy includes loss of income from off-premises

power interruption and business interruption coverage.

## **Why Choose the AAHA Business Insurance Program for Your Practice Owners Package?**

- ▶ Our package program offers coverage for damage to your property and contents caused by animals, which is typically excluded from a standard policy.
- ▶ Group buying power and leverage generates better pricing and products for you, such as an exclusive rating structure and enhanced blanket coverage limit for property/liability.
- ▶ Mobile practitioners have access to the mobile loss of income and extra expense endorsement. This responds when your vehicle is out of service due to a covered loss and reimburses you for income lost while the vehicle is being repaired or replaced.

*Policy renewal continued on page four*



Policy renewal continued from page three

## You Can Also Secure Protection for Catastrophic Losses

With a practice owners policy through the AAHA Business Insurance Program, you can rest assured you're covered for a wide range of property and liability risks specific to your business; however, your policy is not intended to cover catastrophic losses. For example, a serious accident or a slip or fall on your premises could demand more than your liability policy can deliver. That's why you may want to consider adding umbrella liability to provide excess coverage over your underlying policy.

You'll enjoy great protection at a low cost with these benefits:

- ▶ Higher defense limits
- ▶ Higher level of protection
- ▶ Broad coverage
- ▶ A policy designed to complement your insurance portfolio

For more information or a quotation, please return the enclosed business reply card or call the AAHA Business Insurance Program at 866-380-2242.

EPL continued from page two

against Employee A. The insurance carrier hired legal counsel to defend the lawsuit. After the \$5,000 sub-limit was exhausted from legal fees, Dr. X resolved the case and paid for additional legal fees out-of-pocket.

Five employees at Dr. Y's practice filed suit for wrongful termination, verbal abuse, sexual harassment, wrongful discipline, wrongful failure to create an employment-related policy, employment-related delimitation, employment-related infliction of emotional distress, hostile work environment, and negligent supervision of staff. The insurance carrier investigated the claim and determined that Dr. Y was negligent and assigned defense counsel. Again the \$5,000 was exhausted from legal fees and Dr. Y settled the claim with the five defendants out-of-pocket.



### Get Your Quick, Easy EPL Quote

Call the AAHA Business Insurance Program at 866-380-2242 option 5 for a quotation or to secure coverage. Or, complete and return the enclosed card.

## AAHA Business Insurance Program

Call 866-380-AAHA (2242) today for a coverage evaluation.

P.O. Box 1629, Chicago, IL 60690-1629

aaha@hubinternational.com

Phone: 866-380-AAHA (2242) Fax: 866-381-AAHA Fax-on-Demand: 866-920-AAHA

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*\*This newsletter contains only a general description of coverages and does not include all the benefits and limitations found in the policies. Coverages may vary. All references to coverage are subject to the policy's conditions and exclusions. The insurance policy and not this newsletter will form the contract between the insured and the insurance company. Loss control content is provided for information purposes only. It is not intended to be a substitute for individual legal counsel or advice on issues discussed in this newsletter. For resolution of a specific legal issue or business concern, consult your attorney.*