



Employee Lawsuits Happen—Stay Protected

5 basic steps you can take to reduce the risk of costly workplace claims

Making the right hire is imperative to your success. Each employee is an extension of your business and an ambassador for your gym or studio.

However, even if you complete numerous interviews, conduct background checks, vet your staff, and optimize your team, you remain susceptible to immense risks. One of the most significant: employment practices liability (EPL). And even if you are not found liable, an accusation can be highly detrimental to your long-term stability.

The fitness industry is a potential hotbed of employee lawsuits ranging from sexual harassment to discrimination and wrongful termination. Even if the suit is unwarranted, you may still be left with thousands of dollars in legal fees or settlements. Fortunately, there are several straightforward ways to protect your business. Here are 5 basic steps you can take to reduce your risk of costly workplace claims.



1. Document

If your company doesn't have an employee handbook, create one. What it contains depends on your company's size, unionization status, industry, and professional vs. service composition, among other factors. Some key things to include are:

- An equal employment opportunity policy
- A no-harassment policy
- An internal procedure for employees to follow if they have a workplace complaint
- An employment-at-will policy
- A code of ethics
- A social media policy
- A Family and Medical Leave Act policy



2. Distribute

If a claim arises, an employee handbook can provide evidence that your company has made a good faith effort to follow policies that promote fairness and equity among employees. After you've created your handbook, be sure to do the following:

- Give all employees a copy of the handbook
- Require they sign a notice of receipt



3. Train

Supervisors and managers should periodically receive instruction on workplace issues such as:

- Managing difficult employees
- Employee complaints
- Terminations
- Reassignments
- Procedures to handle complaints about harassment or discrimination in the workplace



4. Create high visibility

Clearly communicate all zero-tolerance policies with your employees that involve:

- Substance abuse
- Harassment
- Discrimination
- Other workplace exposures

Sound policies promote fairness among employees and may serve as a defense in a lawsuit.



5. Check your coverage

Employment practices liability insurance (EPLI) is an essential policy that will protect your gym or studio against employee lawsuits. Despite the high probability of a suit occurring, many fitness businesses choose not to purchase EPLI because they believe their workplace exposures to employee suits are covered under other policies they have. They're not. EPLI provides:

- Valuable protection against claims for allegedly wrongful employment practices
- Expert support for legal and claims representation

Deductibles, differences in coverage provisions, and exclusions can greatly affect the cost of coverage and need to be tailored to an individual company's needs.

COVID-19: Watch Out for These Exclusions

The onset of COVID-19 has served as the largest destabilizing event in the history of the fitness industry. In an era of layoffs, furloughs, and reduced staffing, many businesses have faced an additional rude awakening in learning that their insurance policy does not cover certain employment risks. Here are three common exclusions to watch out for:

1. **Reduction of force exclusions:** Some policies will have exclusions if you lay off a certain percentage of your workforce, (i.e., if you lay off more than 10% of your workforce), claims from that layoff will not be covered.
2. **Wage and hour exclusions:** Make sure your EPLI policy has wage and hour coverage, sometimes called FLSA, to protect you against wage and hour claims, including failing to pay for overtime.
3. **Third-party exclusions:** EPLI policies should have third-party liability, an essential component that will shift the risk away from your business.

About Buck & Affiliates

Founded in 1982, Buck & Affiliates provides a diverse suite of insurance solutions with a strong regional focus and customized approach. Buck & Affiliates has built out a large presence in the health and fitness industry with a national portfolio of gyms and fitness studios. The firm also provides extensive risk management services to augment its insurance offerings. Buck & Affiliates is part of Alliant Insurance Services. Learn more about Buck & Affiliate's fitness insurance solutions at buckfitnessinsurance.com.

About Alliant Insurance Services

Alliant Insurance Services is one of the nation's leading and fastest growing distributors of diversified insurance products and services. In the face of increasing complexity, our approach is simple: bring on the best people and invest more deeply in the industries and clients we serve. We operate through a network of specialized national platforms and regional offices to offer a comprehensive portfolio of services to our clients. Our goal is to ensure that they get the most innovative products—and innovative thinking—in the industry.

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