



# Protect Your Carwash from Employment Practices Liability

5 steps to reduce costly workplace claims

Hiring, firing, employee evaluations, compensation, family leave, job descriptions. These human resources decisions have a huge impact on your employees, their productivity, and their welfare. They can also become a breeding ground for complaints and claims for wrongful employment practices, and these claims can be disastrous to your business. Having the proper employment practices liability insurance (EPLI) can give your business the protection it needs.

## Prepare and Prevent

Employee lawsuits aren't just a risk for large corporations. Small and mid-sized businesses are just as likely to have an employment claim filed against them as their large, corporate counterparts. Carwashes are especially vulnerable to employment practices claims due to the nature of their work. Additionally, because most carwash businesses lack the formal legal or human resources departments to guide them through the federal and state regulations that can put them at risk, navigating these situations can be particularly challenging.

## Don't Think You Need It?

Carwash owners often disregard EPLI coverage because they don't think their employees would sue them. Even if your carwash operates like a family business, issues can still occur. With the range of complex laws, rules, and regulations, not having EPLI coverage could end up costing your business if an employee brings legal action upon your business for violating their rights.

You can spend thousands, or even millions, to defend an employment practices claim, even if a lawsuit is groundless. Many businesses wind up settling the claim simply to put an end to the expense and disruption, and some must close their doors entirely.

The good news? There are ways to protect your business.

## EPLI or Workers' Compensation, Which is Which?

Generally, workers' compensation insurance covers physical illnesses and injuries, while employment practices liability coverage (EPLI) protects your business if an employee or prospective employee alleges that their rights are violated. EPLI covers legal defense costs and judgments up to specified policy limits.

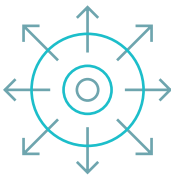
## 5 Basic Steps to Reduce Risk of Workplace Claims



### 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:

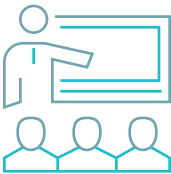
- An equal employment opportunity policy
- A no-harassment policy
- An internal procedure for employees to follow if they have a workplace complaint
- An employment-at-will policy
- A code of ethics
- A social media policy
- A Family and Medical Leave Act policy



### 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. Communicate

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 is an essential policy that will protect your business against employee lawsuits. Despite the high probability of a suit occurring, many carwash 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.

### EPLI Snapshot

EPLI protects owners, managers, supervisors, and employees against a wide variety of claims, including:

- Discrimination (based on gender, race, age, or disability, for example)
- Harassment
- Retaliation
- Wrongful discipline
- Failure to promote
- Wrongful termination
- Unfair hiring practices
- Defamation among other wrongful employment-related issues

### A Costly Scenario

No organization is immune when it comes to employment practices liability. Here are real-life examples of just how costly they can be.

Seventeen carwash employees filed lawsuits against a Chicago carwash operator. The workers claimed they were paid below the minimum wage rate for tipped employees and were never paid overtime wages despite regularly working more than 40 hours each week. The employees quickly reached early settlements, costing the owner \$725,000.

As a part of the biggest per-worker recovery in the carwash industry, 18 immigrant carwash employees in New York and New Jersey received more than \$91,000 each. The agreement awarded the final part of a \$1.65 million settlement to 18 workers who were earning less than \$20,000 a year at 4 carwashes.

Sources: *Chicago Tribune*, *TIME*

**About the Western Carwash Insurance Program**

The Western Carwash Insurance Program has been the carwash industry's insurance partner of choice since 1994. Endorsed exclusively by the Western Carwash Association, the program is custom designed to cover the unique and wide-ranging risks facing carwashes throughout the west. Built by carwash operators for carwash operators, we provide a comprehensive barrier of coverage for all aspects of the business, whether self-service, automatic, express, flex, or full-service. Our depth of experience, strong carrier relationships, and VIP service enable us to provide the highest possible standard of insurance excellence at the most competitive rates in the market.

**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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