

# EMPLOYMENT PRACTICES LIABILITY SCORECARD



As a business leader, you make important personnel decisions on a daily basis. From hiring new workers to assigning duties, each of your decisions affects employees in a unique way. Although these actions are critical to running your business, they also create exposures that could lead to costly claims by employees or governmental regulators.

Even if they are not warranted, claims for wrongful employment practices can disrupt operations, damage your business's reputation, hurt employee morale and negatively impact your bottom line. What's worse, even if a business fosters a welcoming work environment and takes all of the necessary precautions to safeguard its employees, it can still face an employment practices liability claim.

Thankfully, businesses can rely on employment practices liability (EPL) insurance to protect against a wide range of wrongful employment practices claims, including wrongful termination, discrimination, sexual harassment and retaliation.

**Instructions:** To better understand the level of risk your business faces on a daily basis, please answer the questions below. Please note that each section will have its own instructions related to scoring. Please review them carefully. After you have completed all of the sections to the best of your ability, add up your score and determine your level of risk by utilizing the information at the end of this document.

**SECTION INSTRUCTIONS:** The following points will be assigned for each response:

- **YES:** 0 points
- **NO:** 3 points
- **N/A:** 3 points

| HR Practices   | YES                      | NO                       | N/A                      | SCORE |
|--|--------------------------|--------------------------|--------------------------|-------|
| 1. Does your business have a formal HR or personnel department?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 2. Are the individuals that handle HR and personnel functions for your business formally trained in HR matters?                                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 3. Does your business have in-house counsel that it consults on employment-related matters?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 4. Does your business retain the services of an outside law firm that specializes in labor and employment law?                                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 5. Does your business have an employee handbook that has been reviewed by legal counsel?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 6. Does your business distribute an employee handbook to all employees?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 7. Does your business obtain signed acknowledgement from all employees indicating that they have received and reviewed your employee handbook? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 8. Does your business use an employment application for all applicants?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 9. Does your business use written job descriptions for all positions in the organization?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 10. Does your business maintain written hiring and interviewing guidelines?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 11. Does your business have formal guidelines and written procedures for disciplining and terminating employees?                               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 12. Does your business require managers and HR professionals to approve all proposed employee terminations?                                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 13. Does your business have outside counsel review all proposed employee terminations?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 14. Does your business have an outplacement program to assist discharged employees?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |

|  |                          |                          |                          |            |
|--|--------------------------|--------------------------|--------------------------|------------|
| 15. Does your business have a formal training program for all new employees?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |            |
| 16. Does your business provide annual education on illegal discrimination and workplace harassment to all employees?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |            |
| 17. Does your business require all managers and supervisors to attend training, educational programs or seminars on employer-employee relations and conflict resolution?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |            |
| 18. Does your business have formal guidelines and written procedures to address compliance with the Civil Rights Act, the Americans with Disabilities Act, the Age Discrimination in Employment Act and any other applicable federal and state laws? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |            |
| 19. Does your business have formal guidelines and written procedures that explicitly prohibit discriminatory practices in hiring, promotion and compensation?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |            |
| 20. Does your business have formal guidelines and written procedures that explicitly prohibit sexual harassment in the workplace?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |            |
| 21. Does your business have a written policy dealing with the use of company email, voicemail and internet access?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |            |
| 22. Does your business have formal guidelines and written procedures for reporting, addressing and resolving employee grievances?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |            |
| 23. Does your business have a formal process and written guidelines for conducting employee performance evaluations?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |            |
| 24. Does your business have its employment policies and procedures periodically reviewed by outside legal counsel?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |            |
| <b>SECTION SCORE:</b>  |                          |                          |                          | <b>/72</b> |

**SECTION INSTRUCTIONS:** The following points will be assigned for each response:

- **YES:** 3 points
- **NO:** 0 points
- **N/A:** 3 points

| Business Operations and History   | YES                      | NO                       | N/A                      | SCORE      |
|---|--------------------------|--------------------------|--------------------------|------------|
| 25. Has the turnover rate at your business exceeded historical levels at any time during the past five years, or do you anticipate making any layoffs or staff reductions in the near future?                               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |            |
| 26. Do any of your employees work in isolation or in circumstances where they are not monitored by a supervisor or manager?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |            |
| 27. Does your business make use of temporary or seasonal employees?   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |            |
| 28. At any point in the last five years, has any current or former employee or third party made any claim or otherwise alleged discrimination, harassment, wrongful discharge or other wrongful acts against your business? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |            |
| 29. At any point in the last five years, has your business terminated or otherwise disciplined an employee for inappropriate conduct in the workplace?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |            |
| 30. Does your business anticipate taking any actions or completing any transitions that would substantially increase the number of employees within your business?  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |            |
| <b>SECTION SCORE:</b>   |                          |                          |                          | <b>/18</b> |

|                     |  |
|---------------------|--|
| <b>TOTAL SCORE:</b> |  |
|---------------------|--|

**MODERATE RISK:** 0-18 points

**HIGH RISK:** 21-60 points

**ESCALATED RISK:** 63-90 points