

PLRisk

Employment Practices Liability for Cannabis Businesses



What Is an Employment Practice Liability Insurance (EPLI) Policy?

EPLI coverage provides protection for an organization or its employees from claims relating to wrongful employment practices by its executives, partners, principals, employees, and if necessary, independent contractors. Some cannabis business owners do not realize that they could be held liable for a situation in which one of their managers makes an

inappropriate comment overheard by another employee. If your insured's company hires/fires employees, deals with promotions and demotions, modifies compensation packages, issues statements to employees, or manages employee benefits, obtaining EPLI coverage is a must.

Why Cannabis Businesses Need an EPLI Policy

Keeping up with changes in employment regulations and changing public attitudes has created increased liability for employers. Even the most diligent employer cannot control human behavior. While a company may have strict employee guidelines and procedures in place, it's impossible to know how an employee will react to their workplace environment. With EPLI coverage, a company can be better protected to mitigate the costs incurred for defending an employee workplace claim.

Although only a small share of employment claims are related to claims brought by the U.S. Equal Employment Opportunity Commission (EEOC), recent statistics show how frequently these issues occur.



Number of discrimination charges filed with the EEOC in 2020.



Retaliation claims are the most common type of complaint, making up nearly 56% of all claims filed in 2020.

What Coverages Are Commonly Provided Under an EPLI Policy?

Hostile Work Environment
Sexual Harassment (Employees/Third Parties, Clients, Vendors, or Independent Contractors)
Immigration Status Discrimination

- » Hostile Work Environment
- » Sexual Harassment (Employees/Third Parties, Clients, Vendors, or Independent Contractors)
- » Immigration Status Discrimination
- » Discrimination (e.g. age, race, or gender)
- » Wrongful Demotion or Termination
- » Failure to Employ or Promote
- » Claims from Prospective Employees/Applicants
- » Family Medical Leave Act (FMLA)
- » Workplace Violence
- » Workplace Refulatory Fines and Penalties



What Coverages Are Commonly Excluded Under an EPLI Policy?

EPLI policies are not all-encompassing and typically exclude the following types of claims (unless your broker specifically negotiates coverage on your insured's behalf):

- » Civil Fines
- » Wage and Hour (FLSA)
- » Criminal Fines
- » Unpaid Wages
- » Strikes
- » Intentional Acts
- » Unemployment Claims
- » Workers Compensation Claims

Get In Touch

To learn more about how we provide comprehensive solutions for companies in the cannabis industry or to discuss insured-specific insurance needs, speak with one of our EPLI specialists today.

[Get In Touch](#)