

Employee Benefits Legal Liability Insurance

Employee Benefits Liability coverage within the General Liability policy – what is it?

Most insurance policies include this coverage that no one ever discusses. It is important protection, but few claims are ever presented. Perhaps it is because that not many insureds understand it.

Employee Benefits Liability Insurance, also known as EBL, is a type of professional liability insurance which covers an insured in the event of a claim which may arise out of errors and/or omissions in the administration of a benefit plan.

This can include errors and omissions such as

1. failing to advise an employee of a benefit program,
2. failure to enroll, terminate, or cancel an employee in the plan, and
3. administering improper advice in regards to the benefits.

Actual example: a client failed to advise their employee that a newborn must to be reported within 30 days (varies). The child later developed a serious disease and the group health insurance administrator denied the claim.

Employee benefits programs can include group health insurance, group life insurance, profit sharing plans, employee stock plans, workers' compensation, unemployment insurance, etc.

Claims of this type can involve substantial sums. Be certain that your limits are sufficient.

Depending on the insurer this coverage can be written on an Occurrence or Claims Made basis. (See Claims Made Policy: <http://www.robertreim.com/wp-content/uploads/pdfs/claims-made-policy.pdf>)