

LITIGATION RISK

HIGH TURNOVER CAN INCREASE EMPLOYMENT LAWSUITS

HIGH EMPLOYEE turnover can cost businesses more than the direct costs of recruiting, hiring and training replacements. A revolving door of workers may also increase the likelihood of employment-related claims and lawsuits.

Each time an employer hires, disciplines or terminates a worker, there is potential for a dispute. As the number of these employment decisions increases, so may the company's exposure to allegations of discrimination, harassment, retaliation or wrongful termination.

For employers with high-turnover positions, this makes strong workplace rules and employment practices liability insurance (EPLI) particularly important.

More turnover, more opportunities for claims

High turnover can create risks throughout the employment cycle. Employers that are constantly recruiting may rush interviews or apply screening and selection criteria inconsistently, potentially increasing the likelihood of discrimination allegations from applicants.

Once employees are hired, abbreviated onboarding can create additional problems. New workers may not fully understand workplace conduct and anti-harassment policies or know how to report concerns.

Problems can also arise when managers fail to document performance issues, disciplinary actions and employee complaints consistently. If a worker is later terminated and alleges discrimination or retaliation, incomplete records may make the claim more difficult to defend.

High turnover can also make it harder to identify patterns of workplace misconduct. Employees may quit rather than report harassment or other problems. Witnesses may leave before an investigation begins.

Employee practices liability insurance

Even employers with strong human resources practices can face employment-related allegations. Defending a claim can be expensive, regardless of whether the employer ultimately prevails.

EPLI may provide coverage for legal defense costs, settlements or judgments stemming from covered allegations such as discrimination, harassment, retaliation and wrongful termination. Policies vary, however, and employers should understand their limits, exclusions, deductibles and reporting requirements.

You can work with us to determine whether your current coverage adequately addresses the risks associated with your workforce, turnover and other employment-related exposures.

Reduce the likelihood of a lawsuit

Insurance is only one part of an effective employment risk management strategy. Employers can also take steps to reduce the likelihood of claims:

Standardize hiring and termination procedures. Follow the same procedures and apply the same criteria consistently to employment decisions.

Train managers. Managers should understand discrimination and harassment laws, proper disciplinary procedures and when to involve HR.

Document employment decisions. Maintain records of performance issues, warnings, complaints, investigations and disciplinary actions.

Provide thorough onboarding. Make sure every employee receives copies of workplace conduct, anti-harassment and reporting policies.

Investigate complaints promptly. Take reports seriously, document the response and prohibit retaliation.

Monitor turnover patterns. Unusually high turnover under a particular manager, within a department or on a specific shift may signal a problem that warrants investigation.

High turnover may be unavoidable in some industries, but the employment-related risks that accompany it can be managed.

Combining consistent HR procedures with appropriate EPLI coverage can help your business limit its risks and protect itself when employment disputes arise.

