Reframing a Wage and Hour Claim into **Covered EPL Indemnity**

Story Overview

A regional telecommunications and network infrastructure services provider expanded from Central Oregon into a nationwide operation, supporting multi-dwelling communities and hospitality environments where workforce stability and operational continuity are critical. When the company faced an employment-related lawsuit, what initially appeared to be a limited-coverage wage and hour claim became a test of both the client's insurance program design and the effectiveness of claims advocacy.

Challenge

Years before the claim arose, the client did not carry a comprehensive Management Liability program. During onboarding, IMA identified an exposure gap and recommended adding Management Liability coverage, including Employment Practices Liability (EPL), to better align the insurance program with the organization's growing workforce and expanding operations.

That recommendation proved critical.

When the client was later named in a wage and hour lawsuit, the carrier initially advised that coverage was limited to a $100,000 defense sublimit, with no coverage available for settlement or damages. The carrier was also slow to provide a formal coverage position and initially mischaracterized the scope of coverage. Without further review, the client faced the prospect of absorbing a significant portion of the financial impact themselves.

IMA's Strategy and Actions

IMA's Claims Advocacy and Property & Casualty teams acted to support the client by:

+ Identifying an employment-related exposure gap during onboarding and recommending Management Liability and EPL coverage before a claim ever existed.
+ Reviewing the full complaint and policy language rather than relying solely on the carrier's initial coverage determination.
+ Identifying retaliation-based allegations embedded within the complaint that qualified as EPL wrongful acts despite the wage and hour framing of the lawsuit.
+ Challenging the carrier's interpretation and requesting reconsideration based on the specific causes of action and applicable policy provisions.
+ Guiding the client through coverage implications as settlement discussions progressed.

Why It Worked

This outcome was the result of two strengths working together: proactive coverage design and deep claims expertise. The original recommendation to add EPL coverage created a pathway to protection that otherwise would not have existed. When the claim emerged years later, IMA focused on what the complaint actually alleged rather than how it was labeled. By identifying retaliation-related causes of action that triggered EPL coverage and engaging directly with the carrier, the team uncovered coverage that would have otherwise gone unrecognized.

Key Takeaways

This story demonstrates the value of addressing emerging risks before they become claims and having an experienced advocate evaluate coverage when a loss occurs. Insurance policies are only as valuable as their ability to respond when needed, and achieving the intended outcome often requires both thoughtful program design and a detailed understanding of policy language.

For organizations with growing workforces and evolving employment exposures, this case highlights the importance of aligning coverage decisions with future risk, not just current operations.

THE RESULT:

The carrier ultimately reversed its position, agreeing that retaliation-related causes of action triggered full EPL coverage, including both defense and indemnity obligations. The claim settled through mediation with the carrier contributing $250,000 toward the settlement, significantly reducing the client's financial exposure and preserving insurance funding that otherwise would have been denied.

More importantly, without IMA's earlier recommendation to add EPL coverage, there would have been no avenue for indemnity coverage at all. The outcome illustrates the combined value of thoughtful coverage design, anticipation of future workforce-related risks, and active claims advocacy when coverage is put to the test.