

Why Law Firms Need Tailored EPL Coverage for Internal Risks

Law firms are often seen as defenders in workplace disputes—not as the source of them. But when it comes to internal claims of discrimination, harassment, or wrongful termination, law firms are just as vulnerable as the clients they represent. In fact, their professional environment—fast-paced, hierarchical, and often male-dominated—can create unique exposures for managing partners and decision-makers.

Unfortunately, many legal practices rely on generic employment practices liability (EPL) policies—or worse, no EPL coverage at all. If your firm hasn't taken a hard look at how it's protected against internal HR claims, it may be exposed in ways your malpractice policy doesn't touch.

EPL Insurance: What It Covers (and What It Doesn't)

Employment Practices Liability Insurance is designed to cover claims brought by employees or job applicants alleging:

- **Discrimination (age, race, gender, disability, etc.)**
- **Harassment, including sexual harassment**
- **Wrongful termination**
- **Failure to promote or hire**
- **Retaliation**
- **Defamation, invasion of privacy, or emotional distress related to employment decisions**

For law firms, these claims can come from attorneys, paralegals, administrative staff, and even interns. While some employment-related disputes may seem like internal issues, once a formal complaint is made—whether to HR, the EEOC, or through a lawsuit—your firm's financial and reputational health is on the line.

Critically, most **malpractice (E&O) insurance excludes employment-related claims**. And many general liability policies only offer token coverage or low sublimits for EPL claims.

Unique EPL Risks for Law Firms

While all organizations face employment practices risks, law firms present some specific concerns:

1. Lateral Hires and Partnership Disputes

Disagreements over equity, compensation, or promised business development support can lead to lawsuits—particularly when lateral partners don't receive what they expected.

2. Uneven Power Structures

Law firms often operate on steep hierarchies, where junior attorneys and staff may feel uncomfortable reporting inappropriate behavior by senior lawyers or partners.

3. Lack of Formal HR Infrastructure

Smaller and mid-sized firms may not have in-house HR or formalized documentation for hiring, discipline, and terminations—leaving them exposed if a claim arises.

4. Third-Party and Client-Related Harassment

Law firm employees may face inappropriate behavior from clients, vendors, or other third parties. If the firm doesn't act quickly and appropriately, it could face liability.

5. Reputational Damage

Even unproven allegations can severely damage a firm's standing—especially if they involve well-known attorneys or appear in public forums like social media or legal blogs.





For more information, contact:



BLAKE SCHELLENBERG

Executive Vice President

(971) 282-4317

blake.schellenberg@imacorp.com

Is Your EPL Coverage Designed for a Law Firm?

Many off-the-shelf EPL policies are designed for standard businesses—not professional services organizations with complex partner/shareholder structures. When reviewing or shopping for EPL insurance, law firms should pay attention to:

- **Who is covered?** Does it include partners, "of counsel," interns, and contract staff?
- **Third-party coverage:** Are client-related harassment or discrimination claims included?
- **Wage and hour coverage:** These claims are common but often excluded or severely limited.
- **Defense outside limits:** Will legal costs reduce your policy limit, or are they covered separately?
- **Prior acts coverage:** Are there limitations for events that occurred before the policy was placed or updated?

If your policy was purchased through a general broker—or hasn't been reviewed recently—there's a strong chance it's missing key protections specific to the legal industry.

Final Thought for Managing Partners

In today's workplace environment, law firms are expected to practice what they preach. One employment-related claim can expose the firm to significant legal costs, reputational damage, and internal disruption.

EPL insurance tailored to the unique structure and exposures of a law firm is not just a safety net—it's a strategic investment in leadership, culture, and protection.

Are you confident in your firm's EPL coverage?

IMA provides EPL insurance and risk consulting built specifically for legal practices. We help law firms structure policies to protect partners, staff, and reputation—without leaving hidden gaps. Contact us to schedule a coverage audit or to explore our custom EPL solutions.

This material is for general information only and should not be considered as a substitute for legal, medical, tax and/or actuarial advice. Contact the appropriate professional counsel for such matters. These materials are not exhaustive and are subject to possible changes in applicable laws, rules, and regulations and their interpretations.