

Market Outlook

The employment practices liability (EPL) market tends to be closely aligned with overall developments in the UK's economic environment. With that in mind, it should come as no surprise that the EPL market is facing a problematic year. The coronavirus pandemic and subsequent lockdowns have led to an economic downturn that is expected to extend through 2021. Industry experts expect that this will lead to an approximate 0.3 per cent decrease in the EPL market's gross written premium. This market is directly tied to the number of employers and employees in the UK. With many organisations having reduced their workforces or halted operations altogether, it's projected that EPL premiums will be negatively affected and rates will rise.



Trends to Watch

- **Pandemic-related claims**—The ongoing coronavirus pandemic has forced many organisations to make workplace changes. And with these changes, EPL claims followed. Some of the top pandemic-related EPL claims include allegations regarding employee leave concerns and remote work capabilities, allegations of discrimination related to workplace adjustments or lay-offs, and allegations of retaliation after an objection to unsafe work conditions.
- **Social movements**—The recent #MeToo movement may encourage and empower employees who have experienced sexual harassment at work to speak up and file a claim against their employer. In addition, ongoing protests related to racial equality have the potential to become a driving factor in race-related workplace discrimination and harassment claims.
- **Diversity and inclusion concerns**—Employers are obligated to provide a safe and comfortable environment for all employees. Diversity in the workplace can go beyond ethnicity or gender and include various aspects of a worker's background or experiences. Implementing initiatives and policies that ensure a diverse and inclusive workplace can help employers ensure compliance with various laws—such as The Equality Act 2010—while also minimising the risk of EPL claims.
- **Age discrimination issues**—According to the Office for National Statistics, almost one-third of UK employees were aged 50 years or older prior to the coronavirus pandemic. But, this workplace demographic has been greatly affected by COVID-19. Since March 2020, the number of people aged 50-64 who are looking for work has more than doubled to approximately 340,000 individuals. As such, it is vital for employers to take steps to minimise the potential for age discrimination issues in the workplace, including those that might stem from hiring practices and lay-offs. Such discrimination can lead to poor staff morale, a tarnished reputation and a rise in EPL claims.
- **Brexit-related changes**—The European Union (Withdrawal) Act 2018 retained and copied EU employment laws as domestic legislation. However, following the end of the Brexit transition period, there may be greater potential for the UK to make changes. As such, it's important for organisations to remain educated and apprised of all employment laws.

Tips for Insurance Buyers

- Review your employee handbook and related policies. Ensure you have all appropriate policies in place, including language on discrimination, harassment and retaliation.
- Take note of any organisational changes created by the coronavirus pandemic. These changes should be reviewed to ensure they are compliant with employment law.
- Document all evaluations, employee complaints and situations that result in employee dismissal or discipline.

