

Employment law protection

An insurance expert is warning of the need to have adequate employment law insurance in place after an increase in the number of claims against businesses.

Peter Millington, business development manager, points to the latest Employment Tribunals Service statistics, for April 2008 to March 2009.

These show there were 151,000 claims. Among these figures were increases in the number of cases dealing with unfair dismissal – up 20 per cent, breach of contract - up 31 per cent and redundancy pay - up 48 per cent.

Peter warns that failing to protect a business against such claims can be costly. The maximum award for unfair dismissal, for instance, was more than £84,000.

He also reports that a number of insurers have recently restricted the extent of their coverage by excluding any claims in relation to Transfer of Undertaking (Protection of Employment) Regulations (known as TUPE), in view of the number of claims.

Peter, who joined Taylor Patterson recently after almost 20 years working for global Insurance giants Aviva and Allianz said: "Statistics show most employers are more likely to have an employment claim than a property or third party general liability claim.

"Employment disputes are becoming more frequent and more costly providing one of the fastest growing areas of corporate liability.

"Many companies struggle to get to grips with the ever increasing employment legislation and, however good intentioned, a harmless interview, an employee's request or just a bad day at the office can sometimes lead to a costly employment claim.

"Employment law protection can offer a solution, providing cover for employers and employees for the cost and expenses of defending any allegations or investigations and any awards made against a company."