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The ultimate EPLI guide for staffing firms

Managing operational exposure, co-employment risk, claims handling, and coverage alignment

Most staffing firms know Employment Practices Liability Insurance (EPLI) is important. What's less clear is how EPLI risk shows up in daily staffing activities and where coverage might fall short. This guide shares key EPLI insights for staffing firms, including common risks, operational blind spots, claims examples, coverage tips, and practical ways to improve defensibility.

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Why EPLI matters

Staffing firms are responsible for employment practices involving both internal employees and temporary workers you place at client locations. Because you share employment relationships, accountability can get blurry.

This can increase your exposure to claims like:

- Discrimination
- Harassment
- Retaliation
- Wrongful termination
- Failure to accommodate
- Inconsistent discipline
- Wage and hour disputes
- Third-party workplace allegations

Without EPLI coverage, defending claims can be costly and disruptive. Legal fees, settlements, reputational damage, and operational interruptions can all impact your business and client relationships. Strong employment practices and consistent internal procedures help you reduce risk, build client trust, and limit claim impact.

Where EPLI risk emerges in staffing

While EPLI is often viewed as a coverage solution, the exposure itself typically develops through staffing practices, communication gaps, and inconsistent oversight between the staffing firm and the client.

Shared employment oversight

Claims frequently arise when responsibilities between the staffing firm and the client are inconsistently managed or unclear.

Inconsistent hiring decisions

Claim exposure can increase when there is inconsistent hiring, onboarding, disciplinary, or termination practices can increase claim exposure.

Limited workplace visibility

Staffing firms may have limited day-to-day visibility into workplace conditions, managements, management behaviors, or reporting because of placements.

Contractual misalignment

Client agreements may define responsibilities clearly on paper, but claims investigators evaluate real-world practices in addition to contractual language.

Internal management practices

EPLI exposure does not only arise from temporary placements. Internal staffing operations and management practices also contribute to risk.

Key takeaway

EPLI claims rarely starts with a lawsuit. More often, they begin with breakdowns in communication, documentation, reporting, or operational consistency.

Operational risk framework

EPLI exposure usually follows common patterns. Here's a simple framework to help you spot risk and focus your efforts:

Area	Common breakdown	Potential exposure	Recommended focus
Onboarding	Inconsistent orientation or policies	Poor expectation setting; weak policy defense	Standardize onboarding steps
Communication	Unclear reporting responsibilities	Delayed handling of workplace issues	Define clear reporting procedures
Supervision	Limited client site oversight	Harassment, discrimination, retaliation claims	Keep client communication consistent
Documentation	Incomplete performance records	Weak defense in claims	Maintain clear documentation
Contracts	Misaligned agreements vs. practice	Shared liability disputes	Align contracts with staffing practices
Offboarding	Inconsistent termination processes	Wrongful termination claims	Standardized separation procedures

Common EPLI claims scenarios in staffing

Here are some typical EPLI claim triggers:

Onsite harassment goes unreported: A temporary worker reports inappropriate behavior to a client supervisor, but you're not informed.

Client requests worker removal without documentation: A client wants a worker to be removed but has no documented reason.

Retaliation after raising concerns: A worker claims retaliation after reporting discrimination, harassment, or unsafe conditions.

Inconsistent hiring decisions: Different recruiters or branch offices apply different standards during hiring or disciplinary decisions.

Missing records during investigations: You can't find onboarding forms, investigation notes, disciplinary documentation, or training records during a claim review.

Policy considerations for staffing firms

Not all EPLI policies cover the same risks. Review your policy carefully to make sure it fits your staffing model and workforce.

Key points to check

- Does "employee" include temps, leased, or placed workers?
- Can clients be covered as co-defendants?
- Are there wage and hour exclusions or limits?
- Is third-party liability included for vendor or customer claims?
- What are the claims reporting requirements?
- Are there settlement hammer clauses?
- Is choice of counsel allowed?
- Is coverage based on billable hours or headcounts?

Best practices to strengthen EPLI defensibility

Firms that manage EPLI focus on clear accountability, consistent oversight, and solid employment practices both internally and with clients. Consider these steps:

- Centralize complaint and escalation processes
- Keep thorough records of hiring, discipline, and terminations
- Train recruiters, managers, and client-facing staff regularly
- Review employment practices and investigations often
- Align client expectations with your internal processes throughout placement lifecycle

Ready to review your EPLI strategy?

If you haven't reviewed your EPLI program against your current staffing model recently, now is a good time. Connect with your MMA representative or scan the QR code to get in touch with our staffing team. We can help you spot coverage gaps, improve employment practices, and reduce risk with staffing-focused insurance and risk management expertise.

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