

Employment Practices Liability and FLSA

What your insured doesn't know will hurt them!

The Fair Labor Standards Act (FLSA) is in place to make sure nonexempt employees are paid a fair minimum wage. It also ensures they are paid properly for overtime, defines hours worked, mandates record-keeping, and protects children from working excessive hours.

The current federal minimum wage is \$7.25 an hour and \$15 an hour for contracted federal workers. Employees earning less than \$35,568 annually and who don't pass exemption tests on their job duties are required to be paid time and a half on hours worked over 40 hours.

Here are some things your insured can do to help make sure they are not violating the FLSA laws:

- 1 Ensure they are paying for overtime & paying the correct wage for that overtime when a nonexempt employee works over 40 hours a week.
- 2 Adhere to the laws for children on hours they can work and jobs they are allowed to do.
- 3 Make sure they classify their employees correctly: exempt vs. nonexempt.
- 4 Make sure you are paying the proper minimum wage including salaried and highly-compensated employees.
- 5 If you are not sure – find out!

FLSA Claim Example Below from USLI:

A manufacturing company was sued by 27 employees for the reimbursement of more than \$112,000 in unpaid wages and \$50,000 in attorney's fees for uncompensated duties performed before and after their shifts. The employees were required to put on their employer-issued uniforms and take other security measures before clocking in and beginning their shift. The FLSA requires if an employee has to work before or after their shift, they are entitled to be paid for it.



We have EPL markets to fit your insured that provide defense, and in some cases, indemnity for FLSA claims. Call one of our professionals to see how we can help your insured get the EPL coverage they need!

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