

How Can Small Business Owners Use Employee Benefits Liability (EBL) Insurance to Protect Against Financial Losses?

Small business owners everywhere are tired of costly business insurance policy gaps. Insurtech solves this with Employee Benefits Liability (EBL) coverage.

Breaking down EBL insurance

No company operates fully without clerical errors involved with administration or bookkeeping. Unfortunately these happen with any process, including in HR regarding healthcare enrollment.

Insurtech provides Employee Benefits Coverage to shield against these administration oversights.

EBL insurance is sold as a standalone policy because it focuses its protection on the ordinary mistakes involving the complicated process of employee benefit enrollment.

Common mistakes that EBL insures against may include, but are not exclusive to, a failure to enroll an employee, a mishap in properly briefing employees on plan benefits and eligibility, or even negligence to terminate an employee in an existing plan benefit.

Our comprehensive insurance provides coverage for a wide canopy of plans such as health, dental, and life insurance, and even branches out into workers' compensation, profit sharing, and stock plans.

Why EBL? Why Insurtech?

Insurtech's EBL covers companies for ordinary circumstances that many owners believe they are already protected from.

A potential scenario for any small business owner is an employee having a fall at their home. This may seem like a non-issue for liability coverage. However, if an HR representative forgets to enroll the employee into the company's health plan, and the employee then arrives at the hospital only to realize they were not properly enrolled, then your firm is at risk.

This is a dangerous pitfall that some small businesses have fallen into because it exposes them to severe risk and deep financial losses.

Unfortunately, a routine error like this can also open your small business up to litigation, which is not covered under general liability practices. This sort of exposure can be devastating for both the operation and reputation of the company.

Does EBL cover reimbursement claims?

Yes, consider another commonplace scenario where you operate a car repair and detailing business and you hire Matt to specialize in custom window tinting.

The paperwork for the employee-sponsored health insurance is properly filled out for submission, yet, Mary, your human resources manager, makes a clerical error and Matt is subsequently not enrolled. Nobody notices he's been excluded.

Three months later, Matt suffers a sports injury and the hospital surprises him with the news that he has no health insurance. Matt files a lawsuit against your company and Mary for the reimbursement of his costly medical and rehabilitation bills.

Commercial General Liability insurance does not cover these lawsuits because under their policies only cover "occurrences" not administrative errors. To further compound this, account errors that cause financial loss are also not covered by general liability policies because those cover bodily injury or property damage.

It doesn't take much imagination to see how devastating this lawsuit can be to a small business.

However, business owners with EBL insurance can relax because it covers these administrative errors. EBL even supplements your general liability policy through an endorsement.

Insurtech's EBL insurance provides your company a significant edge that other liability policies and insurances alone cannot, and this has a profound ripple effect.

While one small business may be tied up in litigation due to such an error, their competitor with EBL now has the edge to expand and possibly corner the market. Insurtech knows that operating a business can come down to the slimmest of margins, and you and your business deserve as much protection as we can provide.

Sounds great, what else does EBL cover?

EBL goes the extra mile to protect against [Affordable Care Act](#) (ACA) related claims.

ACA-related claims can cause a lot of trouble for business owners, especially regarding misclassification of employees. An everyday example would be that independent contractors at your company file a lawsuit claiming that they should be considered full-time employees, and as a result are eligible for health insurance under the Affordable Care Act.

This scenario would hamstring any small business both legally and financially, but only if they do not have EBL.

Insurtech's EBL would cover the company against this sort of ACA-related litigation. Any unintentional or negligent misclassification of independent contractors or any other employees would be fully covered by Insurtech.

What are some possible exclusions of EBL coverage?

Employee Benefits Liability does not protect fiduciaries from liability under the Employee Retirement Income Security Act (ERISA). EBL excludes claims made by employees regarding poor financial advice or predictions of performance, as many business owners are fiduciaries and have control over benefit plans.

An example could be a benefits administrator emails an employee that the company's 401K plan will yield an unreasonable percentage, such as 300%, of return in one year. If the employee sues the benefits administrator for an inaccurate prediction, fiduciary liability insurance would cover this claim, not EBL.

Fiduciary Liability best protects your company against direct mishandling of benefit plans, while EBL best protects against errors and omissions. At Insurtech, we make sure that any other EBL exclusions are thoroughly disclosed, such as claims of fraud. We take pride in our EBL's ability to provide business owners a sense of security and relief outside of Fiduciary Liability.

Aren't EBL and Fiduciary Liability the same?

Actually no, and it's easy for many small business owners to confuse the two. In fact, Fiduciary Liability is typically included in a management liability insurance policy, where Employee Benefits Liability is normally excluded.

While they are similar in some ways, our EBL is designed to provide maximum coverage over a wide array of different plans to suit all business needs. Fiduciary Liability insurance can only protect businesses from ERISA exposures. Fiduciary Liability targets their coverage against ERISA wrongful acts and negligence.

While Fiduciary Liability insurance is broad and that it covers against errors as well as breaches in liability, EBL provides coverage for different processes of HR administration. In fact, Many EBL providers exclude many [ERISA-related claim violations](#) to laser-focus their attention on complex healthcare enrollment.

While both are important, EBL and Fiduciary Liability are different, and many small businesses make the mistake in believing they are fully protected with Fiduciary Liability alone, and Insurtech is here to explain that is not the case.

How can small business owners get a quote?

With Insurtech, it's never been easier to get an EBL quote.

Our customer service team is waiting to assist you with getting an accurate quote for your business needs. For convenience, you may contact us via the following:

- You may call or text us at 555-555-5555
- [Click here to contact us via email.](#)

We encourage you to reach out to us today, especially if your insurance professional has never mentioned EBL coverage before.

Insurtech is here for all small business owners striving for safety and security in uncertain financial times.