

Commercial Risk Advisor



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Lawsuit Prevention Strategies for Businesses

Businesses of all sizes and in all industries face potential lawsuits. These legal disputes can require significant money, time and effort and can damage a company's reputation, regardless of the case's merits or outcome. Considering these impacts, business leaders should take steps to limit the probability of lawsuits being filed and have measures in place to address them if they arise. The following are methods that business leaders can implement to mitigate the risks of lawsuits.

Choose an Appropriate Business Structure

Different business structures offer various liability protections, and choosing the correct one is a key risk management strategy. For example, a limited liability corporation, or LLC, is a separate legal entity that protects business owners' personal assets seizure as a result of company-related litigation. Keeping personal and business finances separate is also essential.

Stay Informed on Laws and Consult Legal Counsel

Thorough knowledge of applicable legal requirements, including industry-specific regulations, employment laws and data privacy laws, can help ensure compliance with them. A skilled attorney can help business leaders navigate legal issues and prevent matters from rising to litigation.

Utilize Strong Contracts and Agreements

Clearly written contracts can reduce potential lawsuits that allege a failure to fulfill an agreement. All agreements should be in writing, and legal professionals should review contracts before business leaders sign them.

Maintain Thorough Records

Maintaining extensive records, including financial and tax records, employee records, and records of customer and vendor interactions, can provide crucial evidence that helps resolve disputes before litigation emerges.

Conduct Risk Assessments and Promote Safety

Regular risk assessments and immediately remedying discovered issues can help reduce workplace injuries that could lead to lawsuits. Premises, products, services and automobiles should all be routinely checked, and safety devices, such as smoke alarms and fire extinguishers, should always be well-maintained and in working order.

Enforce Company Policies and Communicate

Comprehensive company policies that are readily accessible and regularly enforced help prevent lawsuits. Topics covered should include ethical hiring practices; antidiscrimination, anti-violence and anti-harassment policies; and workplace safety protocols. Communication can also help alleviate concerns; providing opportunities to discuss issues can help fix them.

Regularly Train Employees

Routinely educating and training employees on company policies and procedures, legal compliance and customer service best practices can reinforce workplace expectations and reduce the likelihood of lawsuits. Employees should be encouraged to ask questions proactively and report issues.

Conduct Business Ethically

All employees should perform business activities ethically to prevent allegations of improper conduct. They should avoid conflicts of interest, fulfill contractual obligations, and treat co-workers, partners and clients respectfully.

Implement Strong Data Protection Measures

Cyberattacks and data breaches are significant sources of lawsuits. Implementing cybersecurity best practices and maintaining good cyber hygiene (e.g., requiring strong passwords, backing up data, using multifactor authentication and access controls, and regularly updating and patching software) can mitigate cyber risks.

Secure Comprehensive Business Insurance

Business insurance can provide financial protection by paying for legal fees, settlements and judgments if a lawsuit arises. Business leaders should work with insurance professionals who can provide information on industry-specific policies and offer guidance on selecting insurance.

For more risk management guidance, contact us today.

Supporting Mental Health for Safer Workplaces

Mental health issues, such as stress and anxiety, often lead to distractions, reduced attention to detail and slowed reaction times, increasing the risk of workplace accidents. Similarly, depression and fatigue can also lead to mental exhaustion, impaired judgment and reduced decision-making abilities, further amplifying safety risks.

Taking proactive measures to support employees' mental health can improve their well-being and foster a safer work environment while boosting job satisfaction and improving productivity. Strategies employers can implement to improve mental health and, by extension, workplace safety include the following.

Create a Supportive Workplace Culture and Normalize Mental Health Discussions

Advocacy from leadership for mental health and wellness can foster a culture of openness where employees feel comfortable discussing their challenges and seeking help. Building awareness and encouraging discussions about mental health can allow employees to feel more comfortable when requesting assistance. Business leaders and managers should also model healthy work practices and demonstrate that mental health is an organizational priority.

Provide Mental Health Resources

Employers should offer assistance programs to provide access to mental health services, including professional counseling and peer support groups, to ensure workers can get the help they need.

Establish Policies That Create Healthy and Safe Work Environments

Workplace policies should prohibit discrimination, harassment and bullying, as these behaviors can negatively impact employee mental health. Employees should also feel their workplace provides safe physical working conditions to support their overall well-being.

Provide Training and Education

Employers should offer programs that incorporate regular mental health education, self-care guidance and stress management sessions. Training for leadership and staff on how to recognize, discuss and address mental health concerns within their teams is also essential.

Establish Flexible Work Environments

Clearly defining job responsibilities and leaving room for employees to have flexibility and a good work-life balance can decrease work-related stressors that can lead to unsafe behavior or working conditions. Paid mental health sick days that allow employees to take time off when needed could also be provided.

Ensure Employees Know Their Value

When employees know their worth and feel valued, it can have a positive effect on their mental health. To foster this, business leaders and managers should acknowledge employees' contributions and provide opportunities for professional growth and development.

Evaluate and Adapt Programs

Business leaders must continuously evaluate their mental health programs and adapt them to help address the evolving needs of personnel. Gathering regular feedback through surveys, focus groups and individual consultations can ensure these programs remain accessible and effective.

Conclusion

Prioritizing mental health and wellness is essential to individual well-being and for the operational success of organizations. By supporting mental health, business leaders can reduce the risk of burnout and other mental health concerns, thereby creating a healthier and safer workplace.

Contact us today for more risk management guidance.

Information from Eastern Kentucky University highlights that 60%-80% of workplace accidents are linked to stress-related distractions or sleepiness. Industries with long hours and high demands are particularly vulnerable to these risks.

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