ISU | CURRY INSURANCE AGENCY

October 2026
Volume 15 | Issue 10



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Litigation Risk

High Turnover Can Increase Employment Lawsuits

HIGH EMPLOYEE turnover can cost businesses more than the direct costs of recruiting, hiring and training replacements. A revolving door of workers may also increase the likelihood of employment-related claims and lawsuits.

Each time an employer hires, disciplines or terminates a worker, there is potential for a dispute. As the number of these employment decisions increases, so may the company's exposure to allegations of discrimination, harassment, retaliation or wrongful termination.

For employers with high-turnover positions, this makes strong workplace rules and employment practices liability insurance (EPLI) particularly important.

More turnover, more opportunities for claims

High turnover can create risks throughout the employment cycle. Employers that are constantly recruiting may rush interviews or apply screening and selection criteria inconsistently, potentially increasing the likelihood of discrimination allegations from applicants.

Once employees are hired, abbreviated onboarding can create additional problems. New workers may not fully understand workplace conduct and anti-harassment policies or know how to report concerns.

Problems can also arise when managers fail to document performance issues, disciplinary actions and employee complaints consistently. If a worker is later terminated and alleges discrimination or retaliation, incomplete records may make the claim more difficult to defend.

High turnover can also make it harder to identify patterns of workplace misconduct. Employees may quit rather than report harassment or other problems. Witnesses may leave before an investigation begins.



Employee practices liability insurance

Even employers with strong human resources practices can face employment-related allegations. Defending a claim can be expensive, regardless of whether the employer ultimately prevails.

EPLI may provide coverage for legal defense costs, settlements or judgments stemming from covered allegations such as discrimination, harassment, retaliation and wrongful termination. Policies vary, however, and employers should understand their limits, exclusions, deductibles and reporting requirements.

You can work with us to determine whether your current coverage adequately addresses the risks associated with your workforce, turnover and other employment-related exposures.

Reduce the likelihood of a lawsuit

Insurance is only one part of an effective employment risk management strategy. Employers can also take steps to reduce the likelihood of claims:

Standardize hiring and termination procedures. Follow the same procedures and apply the same criteria consistently to employment decisions.

Train managers. Managers should understand discrimination and harassment laws, proper disciplinary procedures and when to involve HR.

Document employment decisions. Maintain records of performance issues, warnings, complaints, investigations and disciplinary actions.

Provide thorough onboarding. Make sure every employee receives copies of workplace conduct, anti-harassment and reporting policies.

Investigate complaints promptly. Take reports seriously, document the response and prohibit retaliation.

Monitor turnover patterns. Unusually high turnover under a particular manager, within a department or on a specific shift may signal a problem that warrants investigation.

High turnover may be unavoidable in some industries, but the employment-related risks that accompany it can be managed.

Combining consistent HR procedures with appropriate EPLI coverage can help your business limit its risks and protect itself when employment disputes arise.

Cal/OSHA Updates Workplace First-Aid Kit Requirements

THE CALIFORNIA Occupational Safety and Health Standards Board has approved revisions to its first-aid kit requirements for general industry and construction employers that are expected to take effect Jan. 1, 2027, pending approval by the Office of Administrative Law.

The changes are designed to modernize the rules while requiring employers to consider the size, layout and specific hazards of their workplaces when determining what first-aid supplies they need and where to place them.

For general industry employers, changes to first-aid kit contents are among the most significant. But there are other important changes to be aware of.

No doctor's approval

Under the existing regulation, first-aid materials generally must be approved by a consulting physician. Under the revised rules, employers may instead provide kits that comply with the ANSI/ISEA Z308.1-2021 Class A standard.

Employers without a compliant kit may have their kit contents determined by an employer-authorized licensed physician or other licensed health care professional.

Additional kits

Employers would have to evaluate employee work locations and workplace hazards to determine how many kits they need.

These requirements may be particularly important for large facilities, workplaces with employees spread across multiple locations and construction sites where crews frequently move between areas.

Unlike current requirements, kits would have to be readily available, and employers must tell workers where they are located. Where practicable, kit locations must also be clearly identified.

An ANSI Class A kit provides a baseline, but it may not be enough for every workplace.

Employers must assess their operations for unique, reasonably anticipated and potentially serious hazards that could require specialized first-aid supplies. Depending on the workplace, these could include exposure to chemicals or electricity and risks of burns, heat-related illnesses or serious trauma.

What employers can do now

Employers should review their first-aid programs and consider the following steps:

- Compare existing kits with ANSI/ISEA Z308.1-2021 Class A requirements and update them as needed.
- Evaluate whether you have enough kits and whether employees can reach them quickly.
- Identify kit locations and communicate them to employees.
- Conduct a workplace hazard assessment to identify any need for specialized supplies.
- Establish procedures for routinely inspecting and replenishing kits.
- Update your Injury and Illness Prevention Program and other applicable emergency plans as necessary.

What should be in your first-aid kit? Get the full list here.



Thieves Zero In on High-Value Shipments

CARGO THEFT rings are becoming increasingly sophisticated, using stolen business identities, hacked e-mail accounts and inside information about shipments to pinpoint high-value loads they can steal and quickly resell.

These tactics are proving effective. While the number of cargo thefts fell sharply in the second quarter of 2026, the value of stolen freight more than doubled year on year to $304.6 million from $135.7 million, according to Verisk CargoNet. The average loss per cargo theft reached $564,000 in the second quarter.

Criminals are increasingly attacking the entire chain of information used to book and move freight, and a company can lose a load without a thief ever breaking a lock. To combat this, fleet operators need strong controls to verify carriers, drivers and shipping instructions as well as physical safeguards for their trucks and trailers.

How the schemes work

Traditional cargo theft typically involves stealing an unattended loaded trailer or container. Those thefts still occur, particularly at truck stops, warehouses and distribution centers, but organized rings are increasingly using fraud and cybercrime to steal freight without arousing suspicion.

Business e-mail compromise is one of their main tools. Criminals who hack the e-mail account of a broker, carrier or shipper can see shipment information, communications and contacts and may gain access to transportation management systems. They can then identify valuable loads, impersonate legitimate parties and alter pickup or delivery instructions.

Cargo theft schemes

Carrier identity theft – Criminals steal the identity of a carrier with legitimate U.S. Department of Transportation (DOT)operating histories or create nearly identical e-mail domains to obtain loads. They then use those credentials to book freight they never intend to deliver.

Re-brokering and diverting shipments – Criminals fraudulently obtain loads and re-broker them to legitimate carriers. Unsuspecting drivers pick up the shipments but receive instructions to deliver them somewhere controlled by the thieves.

Electronic document manipulation – Criminals alter electronic bills of lading and other shipment records. In some cases, they remove only part of a shipment, making the theft harder to detect immediately.

Fleet operators should use layers of physical and digital security rather than relying on a single control. Consider:

- Independently verifying motor carrier and DOT numbers before releasing freight.
- Requiring driver identification and confirming tractors and trailers at pickup.
- Verifying unexpected changes in pickup or delivery instructions through a separate, trusted communication channel.
- Training drivers, dispatchers and warehouse staff to recognize suspicious e-mails, altered domains and inconsistencies involving drivers or equipment.
- Using GPS tracking and high-security locks on high-value loads.
- Avoiding unsecured parking and minimizing the amount of time trailers sit unattended.
- Ensuring tracking devices and security systems are working before a shipment leaves.

Finally, review your insurance coverage with us. Technology-enabled theft can blur the lines between cargo, crime and cyber exposures, complicating how policy terms apply. Make sure your coverage reflects both the value of the freight you are hauling and the methods criminals now use to steal it.

What thieves are targeting

The largest thefts are increasingly concentrated in commodities that combine high value with strong resale demand.



Metal

Metal thefts rose to 80 incidents in the second quarter from 54 a year earlier. Copper was the most frequently targeted metal, but criminals also stole aluminum, nickel, tungsten and other specialized industrial metals.



High-end electronic equipment

Enterprise-grade computers, networking equipment, components and cryptocurrency mining equipment are also targets. Despite being worth millions of dollars, these products are often transported as ordinary dry freight.



Food

Food products remain attractive because they can be sold quickly. Seafood thefts increased during the quarter, and experts say organized rings also target olive oil and other food and beverage products.

Commercial Property

Lithium-Ion Batteries a Growing Fire Risk

LITHIUM-ION batteries power everything from laptops and power tools to forklifts and electric vehicles. As their use grows, commercial property owners need to consider the fire risks and resulting liability these devices may create.

Although generally safe when used properly, lithium-ion batteries pack significant energy into a small space and can overheat. They can enter "thermal runaway," a chain reaction that generates intense heat and may result in a fire or explosion.

According to a report by the National Institute of Standards and Technology, plug-in electric vehicle fires are growing by about 45% annually. Lithium-ion battery fires from consumer devices such as laptops, smartphones and tablets are growing by 10% annually.

These fires can spread quickly, burn at extremely high temperatures and release flammable and toxic gases. They can also be difficult to extinguish and may reignite after appearing to be out.

Where the risk comes from

In addition to employees' phones and laptops, batteries may be found in power tools, handheld scanners, forklifts, manufacturing equipment, automated warehouse systems and products stored as inventory.

Employees and tenants may also bring e-bikes and e-scooters onto the premises to charge indoors.

Causes of battery failure

- Overcharging or using an incompatible or damaged charger
- Physical damage from drops, impacts, crushing or punctures
- Exposure to excessive heat
- Manufacturing defects
- Improper storage, handling or disposal

Charging alone may present a heightened risk because batteries generate heat during the process. Damaged batteries can be particularly hazardous.

Reducing the risk

Business and property owners can take steps to reduce their exposure. Start by identifying where lithium-ion batteries are used, charged and stored and incorporating them into fire risk assessments.

Consider establishing designated charging and storage locations away from combustible materials, exits and heavily traveled areas. Inspect batteries and chargers for damage and follow manufacturers' instructions. Use compatible chargers and equipment from reputable manufacturers. Remove damaged, swollen or overheating batteries from service.

Employees should be trained to recognize warning signs, follow safe charging procedures and know what to do if a battery overheats or catches fire.



Commercial landlords should consider addressing lithium-ion batteries in lease agreements. Rules may cover where e-bikes and scooters can be stored and charged, acceptable safety standards for devices and chargers and prohibitions against damaged or modified batteries. Property managers can reinforce the rules during routine inspections.

For larger installations, such as energy storage systems or EV charging stations, owners may want to involve qualified engineering and fire protection professionals during planning.

Review your insurance

Commercial property insurance may cover fire damage, while general or product liability insurance may provide protection against certain third-party claims.

A business interruption policy may cover lost income if a fire temporarily halts operations.

Coverage, exclusions and limits vary, however. Before installing significant battery systems or allowing substantial on-site battery storage or charging, talk with us. We can review your coverage and discuss whether additional risk controls or protection may be appropriate.

If you have any questions regarding any of these articles or have a coverage question, please contact your broker at:

489 E. Colorado Boulevard
Pasadena, CA 91101

Phone: 626-449-3870
Fax: 626 449-5268
www.isucurry.com

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