

# Employment Practices Liability

## Claim Scenarios

### Scenarios To Help You Understand This Valuable Coverage

Below are claim scenarios to help you better understand the need for Employment Practices Liability coverage. Now is the time to protect your clients from these real exposures. A charge can be brought by applicants, employees, and even customers alleging discrimination, harassment, wrongful termination or other wrongful employment acts. Even if the charge is false or groundless, it needs to be defended. And no class of business is immune from these exposures. These wrongful employment acts are governed by federal, state and local laws. Standard General Liability coverage does not address these exposures.

#### Claim Scenario 1

A mid-sized insurance agency terminated a middle-aged file clerk for ongoing poor job performance. Despite numerous attempts by the employer to rectify repeated misfiling of client files, the employee continued to make serious clerical errors. After terminating the employee, the firm was surprised to find that the employee filed a claim alleging age discrimination. Although the claim was groundless, and the firm had proper documentation indicating repeated poor job performance, the firm settled with the employee.

**Settlement: \$15,000; Legal fees: \$8,000**

#### Claim Scenario 2

The receptionist at the sales office of an apartment complex complained of disability discrimination when the apartment building owner asked her to wear a hat to cover her lack of hair. The receptionist, undergoing cancer treatments, refused to wear any coverings on her head. The apartment building owner terminated her employment. She brought suit, claiming harassment and violation of the Americans with Disabilities Act.

**Settlement: \$20,000; Legal fees: \$8,500**

#### Claim Scenario 3

An applicant for employment alleged that a farm initially refused to hire her based on her gender, race and disability. After she repeatedly applied, she alleged that they begrudgingly hired her and then treated her poorly. She alleged that they forced her to work long hours even when she complained about her work conditions. The employee sued the farm.

**Settlement: \$25,000; Legal fees: \$5,000+**

#### Claim Scenario 4

A small gift and flower shop owner was sued for pregnancy and gender discrimination when the claimant alleged that the employer had repeatedly treated her differently as a result of her gender and condition. The claimant provided several fellow employees who attested to the treatment by the employer.

**Settlement: \$30,000; Legal fees: \$12,000**

#### Claim Scenario 5

A small business beauty salon owner placed a help wanted ad in a local newspaper for a full-time stylist position. The response to the ad was positive, with many highly qualified candidates responding. The salon owner decided to interview five candidates for the position, and ultimately hired the first candidate that was interviewed because of his advanced training at a local school of cosmetology. An African-American applicant was also interviewed but was not selected. She alleged race discrimination in the hiring practices of the beauty salon even though her qualifications and experience did not match those of the chosen candidate.

**Settlement: \$8,000; Legal fees: \$2,000**

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**Claim Scenario 6**

A commercial contractor, recently awarded a contract to build a small shopping center, was sued for race discrimination by several African-American applicants for employment. The applicants alleged that the contractor failed to hire African-Americans to work on any of the numerous construction jobs at the site.

**Settlement: \$75,000 and the contractor was required to establish policies and procedures for minority hiring.**

**Claim Scenario 7**

An organic produce grower relied heavily on a large number of seasonal employees who worked each year harvesting various crops. Recent weather and soil conditions produced a much smaller strawberry crop than usual. The farm manager hired fewer seasonal employees and did not bring back several employees who had previously worked at the farm. Several minority seasonal workers sued, alleging race discrimination because the farm hired non-minority and less experienced workers at lower wages.

**Settlement: \$22,000; Legal fees: \$8,000**

**Claim Scenario 8**

A part-time waitress at a small restaurant complained to her manager that one of the cooks was continually making sexually suggestive remarks about her body and clothing. In fact, the waitress was so upset by the sexual commentary that she would often switch shifts to avoid working during the same time as the cook. She reported the harassment to her manager but since the restaurant was short-handed he was reluctant to terminate the cook. The waitress quit and filed a sexual harassment charge with the Equal Employment Opportunity Commission (EEOC). The EEOC provided the waitress with a right to sue letter after their initial investigation. In order to avoid any further legal proceedings, the restaurant owner settled the matter.

**Settlement: \$20,000; Legal fees: \$8,500**

**Claim Scenario 9**

A small convenience store owner was sued by a customer for sexual harassment when the customer alleged that the son of the owner, also an employee of the company, made inappropriate comments and gestures and solicited the claimant for sexual favors.

**Settlement: \$60,000; Legal fees: \$20,000**

**Claim Scenario 10**

A small accounting practice was sued by a potential client, a minority-owned business owner, based on national origin. The business owner claimed the accounting firm refused him as a client because he was of Middle Eastern descent and instead referred him to a less qualified firm. To avoid a lengthy legal battle, the firm settled the case.

**Settlement: \$20,000 including legal fees**

**Here To Help**

You can count on us to protect your small business clients from today's risks and challenges. Contact us today for more information.

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