

Elmer R. Jordan Insurance Agency

31324 Via Colinas, Unit 116
Westlake Village, CA 91362
www.erjordaninsurance.com

Office: (818) 707-1328
Fax: (818) 707-1410

Agent/Broker
License No. 0F79333

EMPLOYMENT RELATED LAWSUITS ARE SOARING! IS YOUR BUSINESS PROTECTED? (PART TWO)

Since the time we mailed you Part I of this newsletter (enclosed), we have had quite a few clients contact us regarding Employment Practices Liability Insurance. Based upon our clients' questions, we thought we would create a second newsletter to provide additional information.

- Over 82,000 employee related lawsuits were filed in 2007.
- It is estimated that 3 out of 5 (60%) of businesses will be sued by an employee. Smaller firms are especially vulnerable since disgruntled employees know there are no formal human resources practices in place.
- The average cost to defend a claim is \$50,000, with the employer devoting hours upon hours of their time to the defense.

Here are two California claims that occurred last year, courtesy of AIG Insurance:

- A female project manager sued her employer, a technology company, for pregnancy discrimination. She alleged she received a negative evaluation and then fired due to her pregnancy and pending leave of absence. The jury awarded her \$4,800,000.
- A female drug store manager sued her employer alleging she had been sexually harassed by her supervisor. After numerous complaints, the behavior still continued. She then received negative reviews and denied raises/bonuses. The jury awarded her \$3,000,000.

We recommend the following loss prevention actions:

- Create effective hiring and screening programs to avoid discrimination. Utilize written employment applications.
- Create and review employee handbooks so policies are clear to everyone.
- Post corporate policies and procedures throughout the workplace.
- Create a consistent company employment orientation program.
- Discuss with employees what behaviors are not acceptable, and share a written procedure with them for communicating a potential incident.
- Conduct annual or semi-annual written job performance evaluations. Document everything that is discussed during the review.
- Document everything that occurs, as well as the steps your company is taking to prevent, address and resolve employee disputes.

If you have any questions regarding Employment Practices Liability Insurance coverage, please contact Michael Quigley for a free, no obligation consultation.