

The Risk is Real for Small Businesses

The number of employment lawsuits brought against small to mid-sized businesses continues to increase and can include allegations of discrimination, harassment, wrongful termination and retaliation.

The risk for your organization is real and significant. So is the protection you can have with insurance offered by Monitor Liability Managers, Inc. Here are just a few examples of the damage that a lawsuit can cause.

Tattoo Case Costs More Than \$450,000

Religious Discrimination

A small retail store hired a man to work as a cashier. The new employee was told store policy required that the visible tattoos on his hands, wrists and arms must be covered. When the employee refused to comply, he was terminated. The employee sued alleging his religion required the tattoos be displayed and claimed religious discrimination. The case cost more than \$450,000 to resolve.

Terminated Employee Sues Grocery Store

Racial Discrimination

A grocery store stockroom employee was fired for insubordination and poor performance. After the termination, the employee alleged he was subjected to racially insensitive comments by co-workers and supervisors. Upon investigation, the store learned the other stockroom employees, including the plaintiff, used "rough" language in a joking manner and the plaintiff often initiated the comments. The claim cost more than \$100,000 to resolve.

Meritless Allegations Cost Restaurant More Than \$100,000

Improper Wage Practices/Discrimination

A neighborhood restaurant was surprised during the dinner rush by 30 protestors chanting slogans and accusing the restaurant of improper wage practices and discrimination. After leaving the restaurant, the protestors sent a letter to the restaurant's owner making numerous allegations and threatening to go to the media if the restaurant did not pay a large monetary settlement, promote and increase wages for certain workers and terminate several managers. The restaurant incurred more than \$100,000 in defense costs fighting the meritless allegations.

Defense Costs Drive Co-Defendant Out of Business

Defamation

A small clothing store engaged a company to provide a "secret shopper" to observe employee customer service skills and operations. During one visit, the secret shopper reportedly saw an employee stealing and reported him to management, who promptly fired the employee. The terminated employee sued both the store, which had Employment Practices Liability (EPL) Insurance, and the secret shopper company, which did not have EPL. Although the claim ultimately was found to lack merit, the costs of defense exceeded \$200,000. Without EPL Insurance to cover expenses, the secret shopper company went out of business.

