

Management Liability Insurance Restaurant and Hospitality Program



The Risk is Real

Many in the restaurant and hospitality industries don't really understand what management liability (ML) risk is and the potential financial damage that even a single lawsuit can cause.

Management liability lawsuits brought against the restaurant and hospitality industries range from employment issues, such as harassment, discrimination and wrongful termination, to business practices issues, such as misappropriation, financial mismanagement and negligence.

Legal action can be brought by:

- ▶ Customers
- ▶ Employees
- ▶ Lenders
- ▶ Vendors and suppliers
- ▶ Competitors
- ▶ Shareholders

Some restaurants and lodging establishments may consider going without ML coverage to save money. Others mistakenly assume they are covered under their general liability policies, which most often have a standard exclusion for these exposures. Going without ML insurance can be a costly decision.

The Solution is Here

The risk is real and significant. So is the protection that can be obtained through Monitor's Management Liability Insurance Restaurant and Hospitality Program, which provides Directors and Officers Liability (D&O) and Employment Practices Liability (EPL) Insurance.

Program Eligibility

Monitor's coverage is available for a wide variety of restaurant industry clients, including full-service and fast food restaurants, cafeterias, food service contractors and vendors, and hospitality industry clients, including hotels, motels, resort hotels, motor hotels and bed-and-breakfast inns.

Enhanced Coverage Available

Directors and Officers Liability

- ▶ Co-defendant liability coverage available
- ▶ Optional costs of defense in addition to limit of liability
- ▶ Waiver of deductible (if a ruling of no liability is obtained)
- ▶ Non-rescindable policy options

Employment Practices Liability

- ▶ Third party liability coverage for claims brought by customers for discrimination and/or harassment
- ▶ \$100,000 costs of defense for claims alleging violation(s) of the Fair Labor Standards Act
- ▶ Optional \$100,000 sublimit for franchisor if named in a claim along with the named insured (franchisee)
- ▶ Modified settlement clause (80%/20% coinsurance) and a 10% reduction in the deductible upon consent to settle
- ▶ Optional \$25,000 costs of defense for criminal investigations brought by any government agency for alleged hiring or harboring of illegal aliens
- ▶ Toll-free Employment Practices Liability Loss Prevention Hotline

Learn More Today

For more information about Monitor's Management Liability Insurance Restaurant and Hospitality Program, your insurance agent can contact **Angela M. Cox**, Regional Underwriting Manager, at **(800) 446-2100, ext. 572**, or **amcox@monitorliability.com**



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Here are just a few examples of claims facing the restaurant and hospitality industries.

Sexual Harassment

A restaurant paid \$400,000 to settle a sexual harassment claim by seven teenage workers who alleged the manager groped them, made vulgar comments and made demands for sex. Several employees complained to the assistant manager and the general manager, but remedial action was not taken immediately.

Breach of Contract/Unjust Enrichment

A restaurant corporation hired a consultant with experience in the restaurant industry to evaluate potential investment opportunities. The consultant agreed to provide his services on a monthly basis in exchange for a monthly payment and reimbursement of all out-of-pocket expenses. According to the consultant, the corporation fell behind in paying him. He sued the corporation and its directors for breach of contract, fraud and unjust enrichment. The court awarded the consultant \$265,000 in damages; more than \$162,000 in attorneys' fees; roughly \$4,000 in taxable costs; and post-judgment interest.

Wrongful Termination/Discrimination

A pool attendant at an upscale hotel showed up to work with a shaved head. Such an extreme haircut violated the hotel's grooming policy and the attendant was told to wear a hat until his hair grew back. When the attendant complained that he was being treated differently than other bald workers, he was terminated for insubordination and for violating the hotel's policies. The former employee sued for national origin discrimination and retaliation. The case settled for \$150,000.

Personal Liability for Unpaid Sales Tax

A restaurant corporation's president was brought to court for approximately \$100,000 in unpaid sales tax. The president contended he was unaware of the restaurant's unpaid tax liability and did not have the ability to direct the payment and/or filing of sales taxes for the relevant periods. He admitted he had served as president of the corporation but claimed his partners had removed him from this position prior to the time period when the tax was owed. The court found the defendant to have been responsible for the restaurant's financial affairs and he was ordered to pay the unpaid sales tax with penalties and interest.

The Monitor Difference

Monitor Liability Managers, Inc. is an underwriting management company specializing in professional liability insurance. We have the experience, financial strength and products to provide our clients with first-rate protection.

All insurance products are not created equal. The true value of an insurance product comes from the people and the company backing it.

Strength and Stability

As a member company of the W. R. Berkley Corporation and with full underwriting and claims settlement authority for all of its insurance products, Monitor provides insureds with access to the resources of a large corporation combined with the outstanding customer service of a smaller company.

Monitor underwrites professional liability insurance on behalf of W. R. Berkley Corporation member companies. A Fortune 500 company, Berkley has annualized revenue of \$5 billion, total assets of \$16.5 billion and stockholders' equity of \$3.3 billion. Monitor issues policies through two of the industry's most respected and trusted insurers, Admiral Insurance Company, rated "A+" (Superior) by A.M. Best Company, and Carolina Casualty Insurance Company, rated "A" (Excellent) by A.M. Best Company.