

# Employment Practices Liability Insurance for the Hospitality Industry



## The Risk is Real

Many hotel owners and managers don't really understand what employment practices liability (EPL) is and the broad range of issues it encompasses. Gender, race and age discrimination. Harassment of all sorts. Wrongful termination. Disability rights. Retaliation for workers' compensation claims. The list goes on.

## The Consequences Can Be Catastrophic

Unfortunately, those who suffer the most are the very ones who can't afford the debilitating financial devastation that can result from even a single employment practices liability lawsuit. Consider the facts:

- ▶ The Equal Employment Opportunity Commission (EEOC) recorded over 95,000 charges in 2008
- ▶ Private businesses with 100 or less employees are the most often sued for federal discrimination claims
- ▶ The average cost of an EEOC lawsuit in 2008 exceeded \$279,000

Some lodging establishments may consider going without EPL coverage to save money. Others mistakenly assume they are covered under their general liability policies, which most often have a standard exclusion for employment practices liability exposures. Going without EPL insurance can be a costly decision. Even if you only have a few employees, you need EPL coverage.

## The Solution is Here

The risk for your establishment is real and significant. So is the protection you can have with insurance offered by Monitor Liability Managers, LLC. Our Employment Practices Liability Hospitality Program can help you manage the risks and avoid the burdens of employment-related claims.



## Hospitality Program Eligibility

Monitor's EPL insurance coverage is available for a wide variety of hospitality establishments including hotels, motels, resorts and bed-and-breakfast inns. We insure small to midsize clients — those with five or more employees.

## EPL Policy Enhancements for Lodging Establishments

- ▶ Third party liability coverage for claims brought by customers for discrimination (including costs of defense for Americans with Disabilities Act (ADA) and public accommodation claims) and/or harassment
- ▶ Unlimited access to a toll-free Employment Practices Liability Helpline that provides expert EPL advice
- ▶ \$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
- ▶ 7.5% premium renewal credit for KRHA members in good standing with no claims

## Contact Us Today!

For a quote or more information about Monitor's Employment Practices Liability Hospitality Program for KRHA members, please contact:

### Hospitality Insurance Services, Inc.

Phone: (316) 267-8383

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Here are just a few examples of the havoc a single lawsuit can wreak on a lodging establishment.

## Age Discrimination

Due to the economic downturn, a hotel experienced financial difficulties and laid off six employees. One of the terminated employees, a male valet in his late forties, claimed that he was fired because of his age. The hotel stated that the valet was dismissed due to economic reasons, and the decision was based solely on performance issues. Defense costs totaled more than \$90,000. The case settled for \$115,000.

## Retaliation

An employee at a resort gift shop was terminated according to the resort's policy when she purchased a product at a discount using another employee's checkout. The case seemed straightforward until it was revealed that two weeks prior to her termination, the employee filed a sexual harassment complaint against the resort manager. The resort's human resources department reviewed the termination, and with management's approval, concluded it was safe and appropriate to follow the established termination policy. Each side was aggressive during the litigation process, and the case went to trial. The jury found the resort guilty of retaliation against the employee and awarded her over \$500,000 in punitive damages and attorneys' fees. The resort's defense costs were over \$200,000.

## Race Discrimination

A Native American employee sued a hotel, his nighttime shift managers and co-workers for creating a hostile work environment that included abusive jokes and comments about his race. The case escalated into a class action lawsuit against the hotel as other employees claimed similar race discrimination during mediation. Subsequently, discrepancies in the employees' pay were discovered. Even though the hotel agreed to resolve the case quickly, defense costs totaled more than \$60,000. The case settled for \$400,000.

## The Monitor Difference

Monitor Liability Managers, LLC is an underwriting management company specializing in professional liability insurance. We have the experience, proven track record, 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 revenues of \$4.7 billion, total assets of \$16.1 billion and stockholders' equity of \$3 billion. Monitor issues policies through two of the industry's most respected and trusted insurers, Admiral Insurance Company and Carolina Casualty Insurance Company. Both are W. R. Berkley Corporation member companies and are rated "A+" (Superior) by A.M. Best Company.