

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 exposures it encompasses. Gender, race and age discrimination. Harassment of all sorts. Wrongful termination. Disability rights. Retaliation. 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 nearly 100,000 charges in 2010 — a record high and a 7% increase from 2009
- ▶ The EEOC reported significant increases in Americans with Disabilities Act (ADA) and Genetic Information Nondiscrimination Act (GINA) charges
- ▶ For the first time ever, retaliation charges were the most frequently filed charge in 2010 with charges increasing 68% between 2000 and 2010
- ▶ The average cost of an EEOC lawsuit in 2010 exceeded \$270,000

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 helps manage the risks and avoid the burdens of employment-related claims.



Hospitality Program Eligibility

Monitor's EPL insurance 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 Establishments¹

- ▶ \$100,000 sublimit for defamation, libel and invasion of privacy against a third party resulting from the use of social media; workplace bullying and social media defined; expanded definition of wrongful act to include workplace bullying
- ▶ 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
- ▶ \$100,000 costs of defense for claims alleging violation(s) of the Fair Labor Standards Act (FLSA)
- ▶ 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
- ▶ Valuable risk management services offered (see reverse side)

¹This coverage overview is not a part of an insurance contract and does not supersede the policy. Please read the policy form for complete terms, conditions and exclusions.

Contact Us

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Claims Examples

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.

About Monitor Liability Managers, LLC

For nearly two decades, Monitor has provided comprehensive executive and professional liability insurance at competitive prices. Our consistency of leadership, outstanding customer service and industry expertise enable us to provide insurance products unsurpassed in the marketplace.

Monitor is a member company of the W. R. Berkley Corporation with full underwriting and claims settlement authority for its insurance products.

A+ Rated Insurance Carriers

Admiral Insurance Company (Nonadmitted)
Berkley Insurance Company (Admitted)
Carolina Casualty Insurance Company (Admitted)

- ▶ A.M. Best Company rated: A+ (Superior)

Risk Management Services

Monitor provides a suite of risk management services to its insureds at no cost. These services are offered by Gordon & Rees, LLP and give our insureds access to:

- ▶ Unlimited calls to a toll-free, confidential human resources helpline that provides expert advice about employment-related workplace concerns
 - (877) 503-4595
- ▶ A risk management Web site, MyHRHelp, that provides resources covering all areas of workplace law and includes templates of employment applications, policies, procedures and an employee handbook
 - www.myhrhelpweb.com
- ▶ A subscription to the newsletter, *Employment Law Updates*, that highlights important workplace law news and trends

Claims Expertise

With more than 100 years of combined experience, Monitor's claim professionals and attorneys respond to and manage claims effectively. Our experts handle a wide range of claims that occur with the most sophisticated risks in the market.