

# Employment Practices Liability Insurance for the Cosmetic Industry



## The Risk is Real

Many in the cosmetic industry 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 businesses 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 business is real and significant. So is the protection you can have with insurance offered by Monitor Liability Managers, LLC. Our Employment Practices Liability Cosmetic Program helps manage the risks and avoid the burdens of employment-related claims.

## Cosmetic Program Eligibility

Monitor's EPL insurance is available for wholesale distributors, manufacturers and retail establishments in the cosmetic industry. We insure small to midsize clients — those with five or more employees.

### EPL Policy Enhancements for the Cosmetic Industry<sup>1</sup>

- ▶ \$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)
- ▶ 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)

### Contact Us

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### Submissions

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## Claims Examples

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### Sexual Harassment

A female employee at a cosmetic supply distribution company sued her manager for sexual harassment. She alleged that her manager repeatedly groped her, made suggestive comments to her and eventually forced her to have a sexual relationship with him in order to keep her job. The manager denied that she was forced and claimed the relationship was consensual. Defense costs exceeded \$95,000. The case settled for \$130,000.

### Wrongful Termination/Discrimination

A laboratory technician filed a complaint against her former employer, a large cosmetics company. She alleged that she was subject to sexual harassment by her direct supervisor because of her pregnancy. She complained to the company's human resources department, but no action was immediately taken. Shortly after, she was terminated. She then sued the company and claimed that her termination was in retaliation for complaining of unlawful pregnancy discrimination. The case settled for \$75,000.

### Wage and Hour

A factory line worker at a cosmetics manufacturing plant alleged that he failed to receive overtime compensation for assigned work completed after regular hours. He alleged that he regularly worked in excess of 40 hours per week and that his status was misclassified as exempt; therefore he did not receive overtime pay according to the provisions of the Fair Labor Standards Act (FLSA). The factory incurred fees in excess of \$25,000. The case settled for \$40,000.

## About Monitor Liability Managers, LLC

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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

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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](http://www.myhrhelpweb.com)
- A subscription to the newsletter, *Employment Law Updates*, that highlights important workplace law news and trends

## Claims Expertise

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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.

<sup>1</sup>This 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.