Protect Your Business

Investigations, steep fines, expensive lawsuits – it’s easy to say, “It will never happen to my business.” The fact is, the dramatic increase in wage and hour lawsuits and illegal alien investigations are a threat to businesses of all sizes, and could jeopardize everything you’ve worked for.

The cost of legal defense against allegations of Fair Labor Standards Act (FLSA) violations or the increasingly aggressive tactics by U.S. Immigration and Customs Enforcement (ICE) can add up quickly – $20,000 to $100,000 and even higher. Even if the allegations prove to be false, you will still face defense costs.

Don’t take the risk – safeguard your business today.

The Solution is Here

Monitor Liability Managers offers two important coverage enhancements, which are available by endorsement with Monitor Liability’s Employment Practices Liability (EPL) Insurance.

EPL Policy Enhancements1,2

➤ Wage and Hour (FLSA) Costs of Defense Sublimit – Provides up to $100,000 to cover costs of defense related to claims alleging violation(s) of the Fair Labor Standards Act (FLSA)

➤ Illegal Alien Investigation Proceeding Costs of Defense Sublimit – Offers up to $25,000 to cover costs of defense for criminal investigations brought by any government agency for alleged hiring or harboring of illegal aliens

Wage and Hour Litigation on the Rise

Still think it won’t happen to your business? Recent amendments made to the Fair Labor Standards Act (FLSA) have made it easier for employees to file wage and hour lawsuits against their employers.

The Risk is Real

➤ Most wage and hour cases are settled quickly and employers tend to lose at trial

➤ Wage and hour cases tend to be class actions and affect mostly small to midsize companies with average defense costs of $100,000 or more

➤ In most cases, the employer is required to pay the employee’s attorney fees plus its own defense costs. These fees average more than $60,000

➤ Each year, companies collectively pay out more than $1 billion to resolve wage and hour litigation claims

Department Store Sued for Overtime Pay

The following example illustrates the effects a wage and hour lawsuit can have on a business.3

A class action lawsuit was filed against a department store on behalf of the store’s assistant managers. The lawsuit alleged that the store misclassified the assistant managers as exempt under federal and state labor laws and did not pay them properly for overtime hours.

The assistant managers claimed they often worked more than 50 hours per week. They said even though their title contained the word “manager,” the majority of the work did not include management duties. The assistant managers stated they should have been classified as non-exempt and entitled to overtime. The court agreed and the department store had to pay more than $500,000 to settle the case. Defense costs totaled $80,000.

1This coverage overview is not part of an insurance contract and does not supersede the policy. Please read the policy form for complete terms, conditions and exclusions. Premiums and terms depend on the size and type of organization and other factors.

2Subject to underwriter approval. Claim scenarios are for informational purposes only, do not constitute legal advice and are not a confirmation or acceptance of coverage under any policy.

3monitorliability.com (800) 446-2100
Employment Practices Liability Risks: Wage and Hour Lawsuits and Illegal Alien Investigations

Immigration Litigation on the Rise

Employers are feeling the pressure as the U.S. Immigration and Customs Enforcement (ICE) expands its illegal immigration campaign with investigations of all types of businesses. Even if you can prove that you are not employing or harboring illegal aliens, these investigations can be expensive.

In 2012, the EEOC:

➤ Recovered more than $365 million from employers – the largest amount in the agency’s history
➤ Listed retaliation as its most frequently filed charge – nearly 40 percent of all charges
➤ Saw a notable increase in charges related to gender discrimination, disability discrimination and equal pay
➤ Received 99,412 charges
➤ Will focus more of its efforts on discrimination, harassment and ensuring equal pay in 2013

With the average cost of an EEOC lawsuit more than $156,000, can your business afford to be without Employment Practices Liability Insurance?

Anonymous Tip Leads to ICE Audit, Fines for California Restaurant

The following example illustrates the effects an illegal alien investigation can have on a business.3

An anonymous tip resulted in an ICE investigation of a restaurant in San Diego for allegedly hiring illegal aliens. ICE performed an audit of the restaurant’s I-9 forms. The six-month audit revealed several violations of immigration laws and numerous deficiencies with the restaurant’s employment records.

Three restaurant employees were arrested on federal charges of hiring illegal aliens and the restaurant owners were fined more than $75,000. Defense costs in the case were nearly $25,000.

About Monitor Liability Managers

For more than two decades, Monitor Liability 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 Liability is a member company of 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)
➤ Rated A+ (Superior) by A.M. Best Company

Contact Us

For more information about the wage and hour or illegal alien EPL coverage enhancements contact your insurance agent or:

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Submissions
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