

WHY YOU NEED EMPLOYMENT PRACTICES LIABILITY



Fitness Centers

Services provided: health, recreational and social facilities focused on exercise, sports and other physical activities

Due to the nature of their work, fitness centers require Employment Practices Liability Insurance (EPLI) to protect their business from potential financial losses and reputational damage. They can be for-profit commercial establishments or community- or institutionally-supported centers.

KEY EXPOSURES AND INSURANCE SOLUTIONS



Sexual Harassment: Fitness centers have an increased exposure to sexual harassment claims due to one-on-one trainings and close interactions between staff and clients. An insurance policy helps protect against potential lawsuits arising from these disputes, covering legal defense costs and potential settlements.



Franchise Requirements: Many fitness centers operate as franchises and may be required to carry EPLI as part of their franchise agreement. An insurance policy ensures compliance with franchise requirements and provides protection against employment-related claims.




Discrimination Claims: Fitness centers may face discrimination claims based on protected characteristics in hiring practices or treatment of members. EPLI coverage can help protect businesses from the financial impact of these claims, covering legal expenses and potential damages that may arise from such lawsuits.

CLAIM EXAMPLES

Sexual Harassment A fitness center front desk attendant alleged repeated harassment by her manager through verbal comments and unwelcome advances. Despite no direct witnesses, the manager had a history of inappropriate behavior. The case settled for under \$15,000 after \$35,000 in defense costs. The fitness center front desk attendant's claim highlights the challenges in addressing harassment in the workplace, especially in cases lacking direct witnesses. The manager's documented history of similar behavior and the settlement amount emphasize the importance of proactive management in such situations.

Age Discrimination: A 56-year-old cycling instructor at a fitness center was terminated for lateness, attendance issues, and negative member feedback. She sued for wrongful termination, age discrimination, and retaliation, claiming coworkers teased her for being fit "at her age." The case settled for \$47,500 after depositions revealed poor witnesses among coworkers and supervisors. The cycling instructor's lawsuit, spurred by allegations of age-based teasing and wrongful termination, underscores the need for sensitivity toward age-related comments in the workplace. The settlement, influenced by weak testimony from coworkers and supervisors, reflects the complexity of proving such discrimination claims.



Disability Discrimination/Retaliation A trainer at a fitness center filed a workers' compensation claim after an accident. Upon returning to work with limited mobility, the manager fired him, alleging he was unable to perform his job properly. The trainer sued for discrimination and retaliation, settling out of court for \$55,000 after \$32,000 in defense costs. The trainer's firing after an accident and subsequent disability discrimination lawsuit illustrates the critical need for employers to accommodate disabilities in the workplace and avoid retaliatory actions. The out-of-court settlement highlights the financial risks associated with such claims.

Third-Party Sexual Harassment: A fitness center member claimed her trainer touched her inappropriately during workouts. Despite complaints, the supervisor took no action. The client switched trainers but continued to experience discomfort from the former trainer's comments. The case settled for \$60,000 with \$11,500 in defense costs. The member's discomfort and the subsequent lawsuit against the fitness center for the trainer's inappropriate behavior during workouts demonstrate the importance of adequately responding to client complaints to maintain a safe environment.

FLSA Violation/Wage and Hour: A fitness center faced a lawsuit for unpaid overtime after firing a member services representative. The Department of Labor found the employee was misclassified as exempt and entitled to two years of back pay for unpaid overtime. The case resulted in \$38,749 plus \$12,500 in defense costs. The lawsuit against the fitness center for unpaid overtime wages due to misclassification of an employee underlines the importance of correct employee classification and the potential legal and financial consequences of non-compliance with labor laws.



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