

# WHY YOU NEED EMPLOYMENT PRACTICES LIABILITY



## Artisan, Specialty or Trade Contractors

*Services provided: specialized craft or trade work*

Due to the nature of their work, artisan contractor employers require Employment Practices Liability Insurance (EPLI) to protect their business from potential financial losses and reputational damage. These employers face unique employment-related risks that may occur from the specialized services they provide for smaller-scale projects or specific aspects of larger construction projects.

### KEY EXPOSURES AND INSURANCE SOLUTIONS



**Discrimination Claims:** These may be based on protected characteristics in hiring, promotions, or provision of services. An insurance policy helps protect against potential lawsuits arising from these disputes.



**Sexual Harassment or Hostile Work Environment:** Allegations of sexual harassment or a hostile work environment can lead to costly legal battles and reputational damage. An insurance policy provides coverage for legal defense costs and potential settlements related to such claims.



**Retaliation Claims:** Employees reporting misconduct or engaging in protected activities may file retaliation claims against their employer. An insurance policy can help protect employers from the financial impact of these claims, covering legal expenses and damages that may arise from such lawsuits.




**Failure to Accommodate:** Employers may face claims for failing to accommodate employees' religious beliefs or disability needs. An insurance policy can help protect artisan contractor employers from the financial consequences of such claims, covering legal expenses and potential damages.

### CLAIM EXAMPLES


**Sexual Harassment:** In a restoration services company, an office administrator experienced unwelcome advances and verbal comments from her supervisor. Despite multiple complaints to the owner, the harassment persisted, leading her to file a lawsuit. The defense costs exceeded \$50,000, with a settlement demand of \$250,000 if the employer wants to avoid going to trial. The continued harassment despite repeated complaints highlights a lack of effective response from the company, escalating the situation to legal action. The significant defense costs and settlement demand underscore the financial and reputational risks of failing to address workplace harassment.

**Americans With Disabilities Act:** A plumber at a small community shop, dealing with panic disorders and psychological disabilities, requested a less stressful position under the Americans with Disabilities Act. The company denied the request but promised to accommodate him in his current role. However, the employee later claimed that he was given less challenging tasks and denied additional training opportunities. After receiving a written warning for sleeping on the job, which he attributed to medication side effects, the employee sued for retaliation and lack of accommodation. Despite the company's eventual legal victory, defense costs exceeded \$275,000. This case demonstrates the complexity of ADA compliance, especially in accommodating employees with disabilities. The employer's attempt at accommodation was perceived as discriminatory, leading to costly legal battles despite their eventual win, showcasing the importance of careful and documented ADA compliance.



**Family Medical Leave Act Violation:** An employee at a 52-person HVAC contractor's office struggled with interpersonal issues but was skilled in her role. Hired at age 57, she took FMLA leave for surgery and recovery. Upon her return, the conflicts persisted, and the owner eventually terminated her under employment-at-will, providing four weeks of severance. She was replaced by a man in his early 50s. The employee filed charges with the EEOC for age and disability discrimination and FMLA retaliation. Despite the company providing evidence of a diverse workforce and supportive co-worker statements, the EEOC issued a right-to-sue letter. The claimant's annual salary was \$24,000, and the case resulted in \$70,000 in defense costs and a \$125,000 settlement during trial. The employee's termination shortly after FMLA leave raised questions of discrimination and retaliation. Despite the employer's evidence of non-discriminatory practices, the EEOC's involvement and the high costs of defense and settlement reflect the challenges and potential financial implications in FMLA-related cases.

**Retaliation: Retaliation Claim:** An African-American employee at a barge repair and painting firm, earning \$15.50 per hour, reported coworkers using racial slurs and making jokes. In response, the supervisor transferred him to an isolated warehouse position with a reduced hourly rate. The employee later resigned and sued for constructive discharge, discrimination, and retaliation. Defense costs reached \$35,000, with a monetary demand of \$250,000. The case illustrates the serious implications of workplace discrimination and retaliation. The employee's transfer and pay reduction following his complaints, leading to his resignation and lawsuit, signify the potential legal and financial consequences for employers who do not adequately address discrimination and retaliation in the workplace.



### Access Free and Discounted Business Resources

Every USLI policy comes with access to the Business Resource Center (BRC). Policyholders can save time and money by utilizing BRC resources so they can focus on growing their business. The BRC can help with hiring and training, navigating personnel issues, managing business operations and more.



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