

EMPLOYMENT PRACTICES LIABILITY CLAIMS EXAMPLES FOR SMALL BUSINESSES



In today's increasingly litigious society, Employment Practices Liability Insurance (EPLI) serves as a vital shield for businesses navigating the complexities of employment laws and regulations. EPLI offers robust protection against claims stemming from employment-related issues, such as discrimination, harassment, wrongful termination and retaliation. For small businesses, EPLI is particularly crucial as they may lack the resources or expertise to effectively manage these risks. By securing EPLI coverage, small businesses can confidently navigate the challenges of a lawsuit-prone world, safeguarding their financial stability and fostering a thriving, professional work environment.

CLAIM EXAMPLES

Race, Color, National Origin Discrimination: A Hispanic employee at a small tech company felt overlooked for promotions and experienced derogatory comments from colleagues about their ethnicity. The company lacked diversity training and an inclusive culture, which contributed to the discriminatory environment. Despite reporting the incidents to HR, no action was taken. The employee filed a claim alleging discrimination based on race, color, and national origin. The company settled the claim for \$200,000 with defense costs of \$50,000, totaling \$250,000. The Hispanic employee's experience reflects a workplace culture lacking in diversity and inclusion. The failure of HR to address the reported incidents compounded the situation, leading to a significant settlement.

Religious Discrimination: An employee at a small retail store requested time off for religious observance but was denied by their employer. The store had no clear policy on religious accommodations, which led to inconsistent treatment of employees. The employee felt targeted for their religious beliefs and faced exclusion from team events. They filed a claim alleging religious discrimination. The company settled the claim for \$75,000 with defense costs of \$25,000, totaling \$100,000. The denial of religious accommodation and subsequent exclusion of the employee demonstrates the necessity of clear policies for religious observance in the workplace. This oversight led to a claim and settlement.

Wrongful Termination – Violation of Public Policy: An employee at a small organization was fired for taking time off to serve on a jury, which violated public policy. The company did not have clear policies on jury duty leave. The employee filed a wrongful termination claim based on violation of public policy. The company settled the claim for \$80,000 with defense costs of \$25,000, totaling \$105,000. Firing an employee for fulfilling jury duty obligations demonstrates a lack of awareness or disregard for public policy, leading to a wrongful termination claim.

Age Discrimination: A 55-year-old employee in a small software company was replaced by a younger candidate despite consistently strong performance. The company had a culture that favored younger employees and lacked age diversity awareness. The employee alleged that their age was the primary reason for their replacement. They filed an age discrimination claim. The company settled the claim for \$150,000 with defense costs of \$50,000, totaling \$200,000. The replacement of the older employee in favor of a younger one, despite strong performance, may indicate a biased workplace culture against older employees.

Sex, Gender, Sexual Orientation Discrimination: A transgender employee at a small marketing firm faced ridicule and exclusion from team events due to their gender identity. The firm lacked policies on gender identity and expression, making it difficult for the employee to seek support. The individual also experienced unfair treatment in job assignments and performance evaluations and filed a claim alleging sex, gender, and sexual orientation discrimination. The company settled the claim for \$300,000 with defense costs of \$100,000, totaling \$400,000. The lack of policies supporting gender identity and expression at the marketing firm left the transgender employee without recourse. Their unfair treatment in job assignments and evaluations culminated in a legal claim.

Wage and Hour Claim: An employee at a small fast food restaurant alleged they were not paid proper overtime wages due to the company's lack of clear wage and hour policies. They filed a wage and hour claim. The company settled the claim for \$40,000 with defense costs of \$15,000, totaling \$55,000. The restaurant's failure to pay proper overtime wages due to unclear wage and hour policies resulted in a financial settlement.



Disability Discrimination: An employee with a hearing impairment at a small business requested sign language interpretation for meetings but was denied by their employer. The company did not have a clear policy on reasonable accommodations for employees with disabilities. They also faced reduced job responsibilities and were excluded from team events. They filed a disability discrimination claim. The company settled the claim for \$250,000 with defense costs of \$75,000, totaling \$325,000. The company's failure to accommodate the hearing-impaired employee's request, combined with reduced job responsibilities, highlights the importance of adherence to disability accommodation laws.

Harassment: An Asian-American employee at a small business experienced continuous racial slurs and offensive jokes from coworkers, creating a hostile work environment. The company had no effective anti-harassment training or policies in place, allowing the behavior to persist. Despite reporting the incidents to management, no action was taken. They filed a harassment claim based on race and national origin. The company settled the claim for \$350,000 with defense costs of \$120,000, totaling \$470,000. The Asian-American employee's experiences of racial slurs and jokes, along with the company's inaction, emphasize the need for effective anti-harassment training and policies.

Retaliation Claim: An employee at a small organization reported sexual harassment and faced increased scrutiny and termination as a result. The company did not have clear anti-retaliation policies or processes to protect employees who report misconduct. They filed a retaliation claim. The company settled the claim for \$175,000 with defense costs of \$55,000, totaling \$230,000. The termination of an employee following a sexual harassment report underscores the need for clear anti-retaliation policies to protect whistleblowers.

Social Media Claim: A small company's social media manager posted defamatory content about a former employee, leading to reputational damage. The company lacked proper social media guidelines and training for employees. The former employee filed a social media claim. The company settled the claim for \$90,000 with defense costs of \$30,000, totaling \$120,000. The inappropriate social media post by the company's manager highlights the necessity for social media guidelines and training to prevent reputational damage.

Wrongful Termination – Retaliatory Discharge: An employee at a small business reported safety violations and was terminated shortly after the report. The company lacked proper procedures for addressing safety concerns and protecting whistleblowers. They filed a retaliatory discharge claim. The company settled the claim for \$120,000 with defense costs of \$40,000, totaling \$160,000. The termination of an employee after reporting safety violations illustrates the lack of procedures for handling such reports and protecting whistleblowers.

Negligent Retention: An employee at a small day care alleged their employer failed to dismiss a coworker with a history of violence, resulting in harm to others. The company did not have proper background check procedures or employee monitoring processes in place. They filed a negligent retention claim. The company settled the claim for \$500,000 with defense costs of \$150,000, totaling \$650,000. The daycare's lack of proper employee screening and monitoring led to a situation where harm was caused by a known violent individual, resulting in a large settlement.



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