



CLAIMS SCENARIOS:

Bad employees... just get worse.

<i>Coverage</i>	<i>Employment Practices Liability</i>
Claim	Wrongful Termination
Company	Privately Held
Number of Employees	40
Annual Revenue	\$3.7 million

DESCRIPTION OF EVENT

A mid-level supervisor with a long history of documented performance issues was terminated for smoking in a restricted area of the company's building where flammable chemicals were stored. The terminated employee, who was 54 years old, responded by suing the company for wrongful termination. He alleged age discrimination on the basis of comments made by his supervisor (such as "You're too old") He also alleged he could only be terminated for good cause. The plaintiff sought damages and legal fees totalling an estimated \$150,000.

RESOLUTION

The company settled with the former employee, paying \$95,000, but not before it had paid \$40,000 in defence costs.

CLAIMS SCENARIOS:

Office love... can lead to corporate heartbreak.

Coverage	Employment Practices Liability
Claim	Sexual Harassment
Company	Privately Held
Number of Employees	242
Annual Revenue	\$210 million

DESCRIPTION OF EVENT

A female employee, who had been with XYZ Corporation for two years, exhibited a sudden drop-off in her work performance. Her supervisor set up a meeting with her to discuss her performance, but she failed to show up. She did show up for a rescheduled meeting, but she had alcohol on her breath. She complained during the meeting that she faced continuous sexual harassment from a senior manager and that his unwanted advances had created a hostile work environment. Her supervisor suggested that she take another position in the company at a different location, which the woman agreed to do. However, she failed to show up for work at the new location and skipped several more meetings with her supervisor.

The company terminated the employee, and she commenced legal proceedings, alleging sexual harassment and wrongful termination and seeking \$250,000 in damages. In the proceedings, she alleged that a senior manager had been sexually obsessed with her for nearly two years, had maintained an uncomfortable closeness with her in the workplace, and had continually harassed her with questions about her personal life.

In subsequent interviews with managers and employees, it was discovered that the female employee and the senior manager were engaged in a consensual romantic relationship over the two-year period.

RESOLUTION

The company determined that it would rather settle than go to court. After paying more than \$25,000 in defence costs, the company settled with the former employee for \$75,000.



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