

Private Company Solutions: Canadian Claims Examples

Employment Practices Liability

CHUBB®

Wrongful Dismissal

Coverage Section: Employment Practices Liability

Claim: Wrongful Dismissal

Company: Privately held

Number of Employees: Approximately 300

Annual Revenue: Approximately \$55,000,000

Location of Loss: Outside of Canada

Due to changes in their department, two sales executives of ABC Company sued for wrongful dismissal. The employees had been with the company for over 20 years and believed these changes were intended to force their resignations. They alleged there were significant and unnecessary alterations to their commission structure, customer base, and technology. They resigned due to these allegations in addition to stating they had been treated in a hostile manner. Each sought damages for wrongful dismissal, lost benefits, unpaid commission, bad faith and mental distress.

\$45,000 in indemnity and \$53,000 in defence costs were paid.

Breach of Employment Contract

Coverage Section: Employment Practices Liability

Claim: Wrongful Termination

Company: Privately held

Number of Employees: Approximately 3,500

Annual Revenue: Approximately \$1,000,000

Location of Loss: Outside of Canada

ABC Company was sued by a former employee for wrongful termination stemming from constructive dismissal. When the employee failed their first drug test they were suspended for 2 weeks without pay. In order for the employee to return to work, they needed to take an additional drug test to ensure the results were negative. It was at this time that the employee refused to do so. ABC Company followed their procedure and did not allow the employee to return to work without taking and passing the drug test. Shortly afterwards, the employee claimed wrongful dismissal and sought \$560,000 in damages.

\$50,000 in indemnity and \$280,000 in defence costs were paid.

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