

# WHY YOU NEED EMPLOYMENT PRACTICES LIABILITY



## Auto Dealerships

### *Services provided: new or used car or motorcycle sales*

Due to the nature of their work, auto dealerships that sell new or used cars or motorcycles at the retail level require Employment Practices Liability Insurance (EPLI) to protect their business from potential financial losses and reputational damage. These dealerships face unique employment-related risks, and their business is often based on dealership contracts with automakers or their sales subsidiaries. This coverage is designed for dealers with up to 200 employees.

## KEY EXPOSURES AND INSURANCE SOLUTIONS



**Sales Practices and Commission Disputes:** Claims related to sales practices, including commission disputes or unfair commission calculations or payment practices, are not uncommon. An insurance policy helps protect against financial consequences of disagreements over sales quotas, commission rates or commission eligibility criteria.



**Discrimination Claims:** These may be based on race, gender, age, disability, religion, or other protected characteristics. An insurance policy provides coverage that 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.



**Wage and Hour Violations/Wrongful Termination:** Businesses may face wage and hour issues, including unpaid overtime, employee misclassification and mismanagement of meal and rest breaks. An insurance policy can safeguard businesses against these disputes, providing financial support for potential settlements and legal defense costs.

## CLAIM EXAMPLES

**Hostile Work Environment:** An employee at an auto dealership alleged a hostile work environment and sexual orientation discrimination, stating his supervisor made derogatory comments and altered his hours, which reduced his sales. Despite reporting the incidents, no action was taken, leading to constructive discharge. The plaintiff claimed six causes of action, with defense and settlement costs exceeding \$300,000.

**Americans with Disabilities Act:** A mechanic at a small dealership was wrongfully terminated after admitting to past substance abuse. The court found the dealership violated the ADA by discriminating based on drug history, resulting in a \$105,000 award for past earnings, \$250,000 for mental anguish, and \$200,000 in defense costs.

**Sexual Harassment and Wrongful Termination:** A female employee reported the dealership's general manager for repeated sexual harassment. After filing the complaint, she alleged the general manager forced her to resign. The dealership settled for \$250,000, with defense costs of \$100,000.

**Discrimination:** An auto dealership faced a lawsuit from an employee alleging national origin discrimination under Title VII. The employee claimed harassment from coworkers regarding his ethnicity and wrongful termination after complaining to supervisors. The plaintiff was awarded \$250,000 in damages.

This document does not amend, extend or alter the coverage afforded by the policy. For a complete understanding of any insurance you purchase, you must first read your policy, declaration page and any endorsements and discuss them with your agent. A sample policy is available from your agent. Your actual policy conditions may be amended by endorsement or affected by state laws. USLI companies are members of the Berkshire Hathaway family of companies and have an A++ Superior rating for financial stability from AM Best. The insuring company names are United States Liability Insurance Company, Mount Vernon Fire Insurance Company, and U.S. Underwriters Insurance Company.