

WHY YOU NEED EMPLOYMENT PRACTICES LIABILITY



Hotels and Motels (Minimum of 10 employees)

Services provided: Property ownership and operations

Due to relying on a team of staff to keep their businesses functioning efficiently, hotels and motels require Employment Practices Liability Insurance (EPLI) to protect themselves from potential financial losses and reputational damage. Whether individuals or corporate entities, hotel and motel owners are exposed to multiple employment-related risks that can lead to costly claims and legal actions.

KEY EXPOSURES AND INSURANCE SOLUTIONS



Discrimination Claims: Owners may face claims of discrimination based on protected characteristics (e.g., race, gender, age, religion, disability, or national origin) in hiring, promotions, terminations, or other employment decisions.



Harassment and Hostile Work Environment: Allegations of harassment, including sexual harassment, can result in EPL claims if owners fail to address hostile work environments or respond appropriately to harassment complaints.



Retaliation Claims: Employees engaging in protected activities (e.g., reporting discrimination or harassment) may allege retaliation if they experience adverse employment actions such as disciplinary actions, demotions, or terminations.



Wage and Hour Compliance: Owners must comply with wage and hour laws, including proper payment of wages, overtime calculations, and adherence to meal and rest break requirements. Non-compliance can lead to wage and hour claims.




Wrongful Termination: Claims of wrongful termination can arise if an employee believes they were fired unlawfully or in violation of their employment contract. Owners must ensure proper termination procedures are followed and that terminations are based on legitimate and non-discriminatory reasons.

CLAIM EXAMPLES

Discrimination: A hospitality group operating six luxury hotels faced a lawsuit from employees alleging unequal pay and overtime based on national origin. The employees discovered a white colleague performing the same job earned significantly more. Despite denying discriminatory practices, the employer was compelled to pay \$104,000 in back pay to the affected employees. The lawsuit against the hospitality group for unequal pay based on national origin, with significant differences in pay for the same job, highlights the need for equitable pay practices and the potential legal ramifications of failing to do so.

Sexual Harassment and Retaliation: A female front desk clerk filed a discrimination charge against her hotel employer, alleging gender discrimination, sexual harassment, and a hostile work environment created by the general manager. After complaining to the hotel owner, she was fired, raising concerns about retaliation. She received a settlement of \$107,000. The sexual harassment and retaliation case involving the front desk clerk demonstrates the consequences of not properly addressing complaints of harassment and the importance of implementing and adhering to anti-retaliation policies.

Third-Party Discrimination: An African American family sued a national hotel chain franchise for racial discrimination, alleging they were charged a higher rate due to their race. After involving the sheriff, who confirmed the hotel's history of discrimination, the family received a settlement of over \$100,000. The third-party discrimination lawsuit against the national hotel chain franchise, involving differential treatment based on race, underscores the importance of ensuring all customers are treated fairly and consistently, and the need to address any discriminatory practices.



Age Discrimination: A 61-year-old housekeeper claimed age discrimination when she was fired and replaced by a younger employee. Despite the hotel's documented reasons for her termination, the EEOC awarded her four years of wages totaling \$52,000, with defense costs of \$43,000. The age discrimination claim by the housekeeper, leading to an EEOC award despite the hotel's documented reasons for termination, emphasizes the need for clear, objective, and non-discriminatory reasons for employee dismissals.

Pregnancy Discrimination: A motel laid off 10 employees, including a pregnant woman who sued for \$50,000, alleging she was targeted due to her pregnancy. Although the motel claimed ignorance of her pregnancy, the case settled in mediation for \$42,000 plus defense costs. The pregnancy discrimination case at the motel, where a pregnant employee was part of a layoff, highlights the importance of ensuring that personnel decisions are free from discrimination and that businesses are aware of and respect employee rights.

Wrongful Termination/Hostile Work Environment: A hotel owner promoted an employee to general manager with a 90-day probationary period. After struggling in her new role and being terminated, she claimed her poor performance was due to a hostile work environment created by the owner. With witness corroboration, the case settled in mediation for \$45,000 plus defense costs. The wrongful termination and hostile work environment claim by the promoted employee, settled in mediation with corroborating witness testimony, highlights the impact of work environment on employee performance and the need for addressing any such issues promptly.



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