

WHY YOU NEED EMPLOYMENT PRACTICES LIABILITY



Fast-food Restaurants

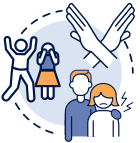
Services provided: quick food preparation and service; dine-in, take-out, drive-thru

Due to the nature of their work, fast-food or quick-service restaurants require Employment Practices Liability Insurance (EPLI) to protect their business from potential financial losses and reputational damage. These establishments face unique employment-related risks that make EPLI essential for their protection.

KEY EXPOSURES AND INSURANCE SOLUTIONS



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

Sexual Harassment: A female line cook at a fast-food restaurant alleged repeated harassment by her manager after evening shifts. With no witnesses, the manager's history of inappropriate behavior was documented in their personnel file. The employee filed a sexual harassment suit, settling for \$90,000 and incurring \$45,000 in defense costs. In this case, the line cook's allegations of harassment by her manager after evening shifts highlight the need for effective reporting and intervention mechanisms in workplace harassment cases. The settlement amount reflects the serious financial implications of such claims for businesses.

Third-party Liability: A customer threatened a class action lawsuit against a fast-food franchise for non-compliance with the Americans with Disabilities Act (ADA), claiming inadequate handicapped parking and high counters. While ADA compliance costs are excluded from EPLI policies, defense against discrimination allegations is covered if third-party liability coverage is included. The ADA compliance lawsuit underscores the importance of accessibility in customer service settings. This case also demonstrates the legal and financial risks associated with failing to meet ADA standards, even for third-party claims.

Wrongful Termination and Retaliation: A male fry cook filed a workers' compensation claim after sustaining a work-related injury. Upon returning to work, he was fired, allegedly in retaliation for filing the claim. The employer lacked documentation to support any other reason for termination. The employee settled out of court for \$65,000 after incurring \$30,000 in defense costs. The fry cook's termination following a workers' compensation claim illustrates the risks employers face when dismissing employees soon after injury claims. The lack of other documented reasons for termination led to a costly settlement.



Race Discrimination: An African American customer claimed a pizza restaurant refused service due to their address being in a perceived high-crime area. The customer sued for third-party discrimination, and the case settled out of court for \$60,000. The refusal of service to an African American customer based on their address highlights the sensitivity and legal implications surrounding service policies and potential racial discrimination.

Wage and Hour/FLSA Violation: A multi-location fast-food restaurant faced staffing shortages and high demand, leading to employees working through breaks. The owner was sued for wage and hour violations, with plaintiffs seeking over \$75,000 in back pay plus attorney fees. The wage and hour violation claim due to employees working through breaks during busy periods underscores the challenges businesses face in balancing operational demands with legal compliance in labor practices.



Access Free and Discounted Business Resources

Every USLI policy comes with access to the Business Resource Center (BRC). Policyholders can save time and money by utilizing BRC resources so they can focus on growing their business. The BRC can help with hiring and training, navigating personnel issues, managing business operations and more.



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