



Employment Practices Liability Loss Scenarios from Chubb

Race Discrimination, class action

Several African-American employees sued a petroleum company alleging that African-American employees had been denied jobs and promotions at the company. The petroleum company agreed to settle the race discrimination and retaliation lawsuit for a record \$176 million. According to the settlement, the company agreed to pay \$115 million in damages and, over a five-year period, \$26.1 million in pay increases. In addition, the company agreed to spend \$35 million to implement program changes throughout the company to foster equal opportunity efforts.

Settlement. \$176,000,000

Sexual Harassment, single plaintiff

A female plant supervisor left her job because of intolerable sexual harassment from male subordinates at a company's tobacco plant. The female supervisor alleged that she was forced from her job because of the sexual harassment. She made claims of quid-pro-quo sexual harassment, hostile work environment harassment, and constructive discharge. A jury found that the female supervisor had been constructively discharged and awarded her \$2 million in damages for embarrassment, humiliation and mental anguish.

Jury award. \$2,000,000

Age, race and disability discrimination 43 employees and the EEOC

An agricultural chemical company purchased a division from another agricultural chemical company. The selling company terminated all of the division's employees, and the acquiring company only rehired about 75% of the division's workforce. The sales force of the acquired division was not rehired and sued the selling company and the acquiring company, alleging that they were discriminated against in violation of the Age Discrimination Employment Act (ADEA), Title VII of the Civil Rights Act of 1964, and the Americans With Disabilities Act (ADA). The Equal Employment Opportunity Commission (EEOC) joined the plaintiffs in their action against the two companies, alleging that the companies destroyed employment records that contained relevant hiring information. The two chemical companies reached a settlement with the 43 plaintiffs and the EEOC for \$18.25 million. The settlement was designed to compensate the former employees for back pay, other lost earnings, and tort-like damages, including emotional distress.

Settlement. \$18,250,000

Hostile work environment, single plaintiff

An African-American man quit his job at a television sales and repair store. Then he sued alleging a racially hostile environment was created by his white supervisor and by the failure of an African-American executive who outranked the white supervisor to thoroughly investigate his repeated complaints of racial bias. The African-American man alleged the defendants violated the Civil Rights Act of 1866 and Title VII of the 1964 Civil Rights Act. A jury awarded the plaintiff

\$41,000 in back pay, \$100,000 for mental anguish and \$1.5 million in punitive damages. The punitive damages were permitted under the 1866 Civil Rights Act.

Jury award. \$1,6DL7,000

Whistle-blower and retaliation, two plaintiffs

A 62-year-old white male employee with a positive performance record and favorable bonuses was terminated by a company. He sued the company, alleging he was terminated from his job so that the employer could hide a pattern of discrimination against women and minorities. The employee further alleged violations of the Age Discrimination in Employment Act (ADEA), Title VII of the 1964 Civil Rights Act, the Virginia Human Rights Act, and the Fairfax County, Virginia Human Rights Ordinance. A jury awarded the employee \$65,000 in compensatory damages and \$400,000 in punitive damages. The punitive damages were reduced to \$350,000 to conform with the state cap.

Jury award. \$465,000

Wrongful demotion, two plaintiffs

Two engineers were demoted and had their salary cut by 25%. They sued their company, alleging the company failed to follow its personnel policy when it demoted them and cut their salaries without good cause. A jury awarded one engineer \$700,000 and the other engineer \$625,000 in economic damages. In addition, the jury also awarded each \$75,000 in non economic damages for their emotional distress. This unanimous jury award of \$1.325 million was upheld at the state supreme court level.

Upheld jury award. \$1,325,000

Age discrimination, single plaintiff

A television station fired a 53-year-old television sportscaster based on viewer research surveys that described him as not impressive and an under performer. The sportscaster sued alleging the workplace reflected a corporate atmosphere aimed at systematically ridding itself of older employees. The sportscaster further alleged that the television station had violated the Age Discrimination in Employment Act (ADEA). A jury awarded the sportscaster \$1.2 million, and the eighth circuit U.S. Court of Appeals affirmed the award.

Affirmed jury award.- \$1,200,000

* According to Haynsworth, Baldwin, Johnson & Harper.



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