

Business Loss Scenario

Bad Employees... Just Get Worse

Coverage: Employment Practices Liability

Cause of Action: Wrongful Termination

Type of Organization: Private

Number of Employees: 40

Annual Revenue: \$3.7 million

Description of Event

A mid-level supervisor with a long history of documented performance issues was terminated for smoking in a restricted area of the company's building where flammable chemicals were stored. The terminated employee, who was 54 years old, responded by suing the company for wrongful termination. He alleged age discrimination on the basis of comments made by his supervisor (such as "You're too old") and disability discrimination because the company refused to make accommodations for his high blood pressure. He also alleged he could only be terminated for good cause. The plaintiff sought back pay, front pay, special damages, and attorney fees totaling an estimated \$275,000, in addition to punitive damages.

Resolution

The company settled with the former employee, paying \$350,000, but not before it had paid \$130,000 in defense costs.

Could this happen to your organization? Contact your trusted Chubb agent or broker:

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