

Large Claims Lessons Learned



Line of Business: Employment Practices Liability Insurance (EPLI)

Topic: Age Discrimination and Retaliation

Claim scenario

The plaintiff, a high-earning employee at a premium auto dealership, alleges that after a change in management, he was demoted, resulting in significantly reduced pay. He contends a younger, less experienced employee was hired to take over his former role. Subsequently, the plaintiff's desk was moved to a different location. He raised concerns about vehicle fumes in this new area and requested relocation, which was denied.

The plaintiff asserts he was demoted a second time and then instructed to stay home for two months. Upon his return, he says he was terminated without cause. The insured claims the plaintiff was insubordinate, exhibited poor work performance, and had multiple complaints lodged against him. However, there is no documentation to support these claims.

The plaintiff is alleging age discrimination, a hostile working environment and retaliation.

Financial impact

This claim may have a financial impact of up to **\$1,000,000**.



Lessons learned

It is essential to have and adhere to a written corrective action policy to address and rectify issues related to employee performance, behavior and compliance with company policies. This policy should clearly outline the various types of corrective actions that may be taken when issues arise and mandate documentation at every step. Additionally, it must be applied uniformly to all employees.



Action needed to prevent this type of loss:

- Develop written corrective action policies.
- Document verbal reprimands, complaints, poor performance, refresher training and other relevant actions or events.
- Provide employee policies to all new hires.
- Be mindful of termination timing to avoid the perception of retaliation.
- Develop and follow anti-discrimination and equal opportunity policies.



Loss prevention/Risk management resources

Zurich offers a variety of risk management insights and resources to help you minimize your risk of an employment practices liability claim. Read [Large Claims Lessons Learned: Harassment and Discrimination](#) and the article, [“Three employee-related litigation trends companies need to manage.”](#) Visit Zurich’s [Auto Dealer Resources](#) hub for more loss-prevention resources.

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