

## Hanover Management Liability

# Employment-related risks faced by manufacturers

Employee lawsuits alleging sexual harassment, discrimination, wrongful termination, retaliation and other employment-related issues are at an all-time high. The Hanover's employment practices liability solution helps protect manufacturers against the financial damage of employment-related claims or lawsuits brought by their employees. These scenarios show you how.

### National origin discrimination

**With today's diverse workforce, accusations of discrimination or harassment based on national origin are becoming increasingly more common for manufacturers.**

A Hispanic woman sued her employer of more than 25-years for discrimination. After the manufacturer's founder passed away, his son assumed control and began laying off employees, including the woman, for alleged "performance issues." She claimed she had only been fired because of her Hispanic heritage and her age. She cited her consistent positive performance reviews and annual bonuses, and demanded lost wages, emotional distress damages and attorneys' fees in the high six figures.

#### **INSURANCE IN ACTION**

The Hanover and its attorneys defended the case and were able to settle for less than the projected defense costs.

### Retaliation under Family Medical Leave Act

**The entanglement of federal, state and local employment laws can present traps for manufacturers, as employees may claim their conduct violates multiple independent, yet related, employment laws.**

An employee sued an electrical components manufacturer he was employed by for more than 35 years. He claimed that when he notified management of an upcoming medical leave, they made ageist comments and suggested it was time for him to retire. Just 10 days after he returned to work, his position was eliminated in a cost-saving move. He sued, claiming age discrimination, disability discrimination, violation of medical leave law and retaliation. He sought more than seven figures for lost front pay, emotional distress, attorneys' fees and punitive damages.

#### **INSURANCE IN ACTION**

Through creative discovery efforts and motion practice, The Hanover was able to help the manufacturer resolve the claim for less than a third of the employee's desired amount.

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*These hypothetical examples are provided for discussion purposes only, although some parts are based on actual claims experiences, names and facts have been changed to protect confidentiality. Insurance policy coverage depends on the facts of each case and the terms, exclusions, and limitations of the policy issued.*

## Race discrimination

**Employers may face challenges managing employees with different backgrounds, races and cultures that can lead to lawsuits over fair wages and race discrimination.**

A mid-sized parts manufacturer based in Asia found itself in a dispute with a group of employees at its U.S. facility. A group of predominantly African-American employees filed suit against the manufacturer and claimed they were discriminated against by their supervisors who were brought to the U.S. from Asia to oversee the U.S. operations. The employees claimed they were paid less and promoted less often than their Asian counterparts. The employees sought seven figures in monetary damages, along with changes to various corporate policies and procedures.

### INSURANCE IN ACTION

Leveraging the experience of panel counsel and retained experts, The Hanover and the manufacturer made a convincing case as to why the employees' claims had no merit. As a result, the employees settled out of court for a small fraction of the damages initially sought.

## Pregnancy discrimination

**Accusations of pregnancy discrimination can be very difficult to defend due to the sympathy often extended to the employee.**

A pregnant team lead at a food processing company was documented taking longer-than-allowed breaks and lunches, leaving her crew to work without supervision. This created work safety concerns for the company. Counseling the team lead failed to solve the problem, and she was fired just a few days before she was scheduled to go out on maternity leave. She claimed she had been discriminated and retaliated against because of her pregnancy, and sought a settlement in the mid six figures.

### INSURANCE IN ACTION

While the timing of the termination presented some challenges, The Hanover and its panel attorneys succeeded in getting most of the claims dismissed. The remaining claims were then settled for less than the projected future legal expenses.

## Help ensure you're protected

You don't have to be in the wrong to be the target of a claim or suit. Talk to your Hanover representative to learn more about how our employment practice liability insurance can provide the protection you need.



The Hanover Insurance Company  
440 Lincoln Street, Worcester, MA 01653

hanover.com  
The Agency Place (TAP)—<https://tap.hanover.com>

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