



Wrap+® Claim Examples

The Travelers Wrap+ policy provides a variety of management liability and crime coverages to meet the insurance needs of private companies and non-profit organizations. The examples below highlight some scenarios of how coverage can protect you.

Employment Practices Liability

>Discrimination and harassment — \$287,500

In 2004, the plaintiff, a graphic designer hired in 2001, resigned her employment claiming that she had been subjected to sexual harassment and gender discrimination. Specifically, she named four managers/directors of the insured as wrongdoers. The insured performed a thorough investigation and terminated three of the four people involved. The evidence collected included a long series of sexually explicit emails, jokes and comments in the workplace. The claimant was making \$45,000 per year. Travelers paid \$50,000 to defend the case before settling for \$237,500.

>Breach of an implied contract — \$265,000

A former employee sued a technology company, alleging that he was hired to be the VP of Sales and Marketing. He claimed that items promised to him were taken away (i.e., secretary, car allowance, staff levels, etc.) and that, when he allegedly failed to meet sales targets, he was wrongfully terminated. The plaintiff brought various breach of contract claims, including a claim for a breach of an implied agreement, which sought to recover benefits, punitive damages, interest and fees. After numerous failed mediations, the matter settled for \$200,000, with \$65,000 in legal defense fees. Travelers contributed a portion of the settlement and paid the legal fees.

>Sexual harassment — \$250,000

A receptionist sued the seed company she worked for, alleging sexual harassment and retaliation. Specifically, she claimed that her boss had sexually harassed her and that, after she complained, she was moved to a less-desirable position and ultimately terminated. Other employees confirmed the boss had a tendency to make inappropriate and lewd remarks. Travelers paid \$200,000 to settle the case, but only after paying \$50,000 in defense expenses.

>Discrimination — \$285,000

The Equal Employment Opportunity Commission [EEOC] filed a civil complaint against the insured on behalf of four former employees. The EEOC found each party's charge credible. Specifically, the claimants alleged that they were retaliated against and/or demoted for reporting, protesting and/or objecting to discriminatory treatment. In addition, one claimant alleged her disability was the subject of inappropriate jokes and conversations. Travelers paid more than \$50,000 in legal fees and settled the case for \$235,000.

>Breach of employment agreement — \$350,000

A former chief business officer sued her former employer for discrimination, fraud, misrepresentation, breach and failure to pay wages. Specifically, the plaintiff alleged that the company breached her employment agreement, misled her regarding the financial condition of the company and created a hostile work environment due to actions such as taking clients to strip clubs. Travelers paid \$350,000 of the \$475,000 settlement.

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Page 1



Employment Practices Liability

>Wrongful termination and defamation — \$1,750,000

A former nurse filed a lawsuit against a hospital and the VP of Human Resources for wrongful termination, invasion of privacy and defamation. The plaintiff alleged that after complaining to management about wage and hour issues the plaintiff was retaliated against, suspended and eventually terminated. The plaintiff stated the hospital suspended the plaintiff for alleged abandonment of a patient. Upon returning to work after the suspension, the hospital terminated the plaintiff for the unauthorized taking of a broken piece of medical equipment, which the plaintiff had given to a physician associate. The plaintiff's complaint included allegations that the VP of Human Resources acted with malice when they advised the plaintiff's spouse and other employees of the hospital that the termination of employment was for stealing, thereby implying that the plaintiff was a criminal. The plaintiff prevailed in binding arbitration on a count of defamation and was awarded \$750,000. Defense expenses exceeded \$1,000,000.

>Wrongful termination and retaliation — \$600,000

A hospital employee complained that the hospital had initiated a number of policies that resulted in inadequate nurse to patient ratios, use of unqualified nursing staff and falsification of hospital staff training records. The plaintiff alleged retaliation and was eventually terminated in response to plaintiff's attempts to modify the hospital's policies. In the lawsuit, the plaintiff asserted the following causes of action: wrongful termination in violation of public policy, infliction of emotional distress, slander and violation of the Business and Professions Code. The case was settled for \$400,000 and defense expenses were an additional \$200,000.

>Discrimination and retaliation — \$192,500

Three certified nursing assistants filed EEOC charges and later a lawsuit alleging harassment, race discrimination, retaliation, failure to prevent harassment, and wrongful termination in violation of public policy. They alleged that their supervisor had made inappropriate comments relating to race and after complaining about the comments they were terminated. All three claims settled during mediation for a total of \$192,500.

>Discrimination and retaliation — \$1,370,000

The head of Human Resources for a hospital system, who was a 64-year-old, was terminated by the plaintiff's 45 year old boss after findings from an outside consultant revealed that the individual created a threatening, demoralizing and dysfunctional work environment which was not acceptable for a person in that position. The former employee of +20 years filed a lawsuit alleging age discrimination and retaliatory termination for complaining about certain business practices. The case was resolved for a total of \$1.15m during mediation. Defense expenses incurred were an additional \$220,000.

>Sexual harassment and wrongful termination — \$1,000,000

A hospital and a physician, who was a member of the hospital's Board of Directors, were sued by a former employee who worked in the dialysis unit of the hospital. The plaintiff alleged sexual harassment and wrongful termination. Once the case began, a group of women asserted similar allegations. The case was settled for \$400,000 and defense expenses totaled more than \$560,000.

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Page 2



Employment Practices Liability

>Age discrimination — \$317,500

The plaintiff alleged that the insured discriminated against him on the basis of his age and disability. He further alleged that he was terminated in retaliation for filing a workers compensation claim and for complaining about discrimination. The defendant contended that the plaintiff was not able to perform the essential functions of the job and that he was discharged for legitimate, nondiscriminatory and non-retaliatory reasons. Travelers paid \$175,000 in defense fees and \$142,500 in settlement costs.

>Sexual harassment and discrimination — \$775,000+

A former employee of the insured claimed she was subject to sexual harassment, discrimination and retaliation. After complaining to human resources that her manager had verbally harassed her on a number of occasions and had touched her inappropriately on two or three occasions, the plaintiff claimed she was retaliated against and terminated. She sued for sexual harassment, retaliation, wrongful termination in violation of public policy, intentional infliction of emotional distress, negligent infliction of emotional distress and tortious assault. Travelers paid more than \$225,000 to defend the claim and paid \$550,000 in settlement costs.

>Discrimination — \$675,000

Three former employees of a regional express package delivery service sued the company, alleging discrimination and wrongful termination. Although there were differences in each of the plaintiffs' allegations, the claims all arose out of discrimination based on sexual orientation, marital status and religion. In addition to claiming wrongful termination based on discrimination, two of the three plaintiffs alleged that their terminations were related to complaints about failure to pay overtime. The third employee claimed she was terminated after complaining that two employees were being treated differently regarding their sick leave. Travelers paid \$100,000 in legal defense fees and ultimately settled the case for \$575,000.

>Discrimination and retaliation — \$250,000+

The president of a small advertising agency sued the agency for sex discrimination, age discrimination and retaliation. The plaintiff alleged that she and the agency's CEO engaged in a consensual affair. After the CEO passed away, his widow became Chairperson of the Board. The plaintiff claimed she was wrongfully terminated when the affair was discovered after the CEO's death. The insured contended there were performance and trust issues associated with the plaintiff's employment at the agency. The insured prevailed on summary adjudication, but more than \$250,000 was paid by Travelers defending the case and subsequent appeal.

>Unlawful termination — \$350,000

A former employee sued a Southern manufacturer. The plaintiff, an employee of 21 years, claimed that his job was terminated without warning following a vacation and subsequent illness. The plaintiff further claimed he was terminated because the insured favored Caucasians and disliked Asians. Finally, the plaintiff laid out allegations that the insured had swindled its customers by substituting inferior materials for those called for in customers' specifications, misstating shipping weights on material sent to customers, and placing new logos on old products. Travelers paid \$150,000 in defense fees before settling the case for \$200,000.

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Employment Practices Liability

>Sexual harassment and discrimination — \$450,000

A line worker at a bulk food packaging business filed a charge against his employer with the Equal Employment Opportunity Commission for sexual harassment and discrimination. The charge developed into a class-action suit brought against the insured directly by the Equal Employment and Opportunity Commission. The suit contended that the insured had a pattern and practice of failing to respond to claims of harassment and discrimination. Travelers settled the case for \$350,000 after paying more than \$100,000 in legal fees.

>Sexual harassment and assault — \$350,000

An applicant sued the owner-operator of a franchised bar and grill, alleging that while she was at the restaurant, and after completing her application, she was harassed, drugged, assaulted and sexually attacked by the employees and managers of the restaurant. Further investigation of the matter showed that after drinking for several hours, the plaintiff decided to apply for a position and that she was the instigator of the sexual activity that occurred. The matter was tried in front of a jury, who found in favor of the insured. Legal fees paid by Travelers exceeded \$350,000.*

*The Wrap+ Employment Practices Liability Coverage Part includes optional Third Party Liability Coverage. In addition, claims can be brought by employees, former employees or applicants for employment.

>Failure to pay overtime — \$750,000

In a class-action suit against a contractor, employees sued for unpaid overtime wages and retaliation. The plaintiffs included all employees who had worked in excess of 40 hours in a work week at any time during the past three years. Although Travelers did not pay for the settlement associated with the overtime wage claims, \$750,000 was spent by Travelers in connection with the defense of the claim.

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Page 4

