

So very few restaurant owners have taken the time and care to investigate and purchase an EPLI (Employment Practices Liability Insurance) policy. Most don't know that this type of insurance policy exists and those that do may not fully understand the risks that they run going bare on this protection. Let's take a look at some real world claims to help you get a better understanding of just what is at stake for those of you who don't have an EPLI policy.

First of all, I want to say that this protection seems expensive when you take your first look at it. But the fact that it seems costly is the strongest evidence that you should have this protection. Think about it for a moment. The insurance industry is very competitive. Who knows better than the EPLI actuaries what the odds of losses are? If these guys have to charge a lot of money for this protection, then this is an indicator that the risk of loss is very high. The simple truth is that going without this protection is a foolish risk for any restaurant owner.

This first example is one that has happened many times and experienced restaurant employees are learning this secret. Let's say you warn your server about showing up late to work. You tell her that this is the final warning and if she shows up late again she will be fired. Your server then turns around and makes a complaint to the health department alleging unsanitary food handling practices in your restaurant. After she comes in late the next time you fire her as you warned her you would. Now she hires an attorney and files a suit against you for wrongful dismissal on the grounds that you fired her in retaliation for her notifying the health department about the unsanitary conditions in your restaurant. While your employee may have a tough time winning a judgment here, the defense costs alone are going to be a huge burden for you.

Here's a real world sexual harassment example. Recently a restaurant franchise paid out \$400,000 to settle a sexual harassment claim by seven teenage workers who said that a manager groped them and made vulgar comments to them. Several of these plaintiffs had complained to their assistant manager and to their general manager but the restaurant owner was too slow in taking action to protect these young workers. Do you know everything that your managers are doing and saying to your employees when you are not around to hear it or see it?

This next example deals with the Fair Labor Standards Act. This claim occurred at a mid-sized restaurant chain. In this case, several assistant managers formed a class action and sued the franchise claiming that since they were forced to do some non-manager job duties such as bussing tables and running cash registers and serving customers, that they should have been classified as non-salaried workers and thus entitled to overtime pay. In the face of expected legal fees of around \$750,000 and an uncertain outcome for the case, the franchise settled out

of court for \$1,300,000.

Gender discrimination is another area where restaurants are extremely vulnerable. Recently a national chain paid \$360,000 to settle a gender discrimination suit. This suit was brought by some male employees who claimed that they were discriminated against in that only females were allowed to have the more lucrative table serving jobs at this chain.

It's clear that every restaurant with any employees at all is vulnerable to employment practices exposures. Why so many restaurants choose to go without insurance protection here is baffling except that most restaurant owners just aren't aware of what they are putting at risk every day. At Clinard Insurance Group, located in Winston Salem, NC, we are an independent insurance agency with a niche specialty in NC and SC restaurants. If you would like our help with your restaurant insurance issues, please call our office, toll free, at 877-687-7557 or visit us on the web at www.TheRestaurantInsuranceStore.com.