

Private Company Loss Scenarios from Chubb



Office Love...Can Lead to Corporate Heartbreak

COVERAGE SECTION	Employment Practices Liability
Cause of action	Sexual Harassment
Type of organization	Private
Number of employees	242
Annual revenue	\$210 million

DESCRIPTION OF EVENT

A female employee, who had been with XYZ Corporation for two years, exhibited a sudden drop-off in her work performance. Her supervisor set up a meeting with her to discuss her performance, but she failed to show up. She did show up for a rescheduled meeting, but she had alcohol on her breath. She complained during the meeting that she faced continuous sexual harassment from a senior manager and that his unwanted advances had created a hostile work environment. Her supervisor suggested that she take another position in the company at a different location, which the woman agreed to do. However, she failed to show up for work at the new location and skipped several more meetings with her supervisor. The company terminated the employee, and she filed a lawsuit, alleging sexual harassment and wrongful termination and seeking \$1 million in damages. In her suit, she alleged that a senior manager had been sexually obsessed with her for nearly two years, had maintained an uncomfortable closeness with her in the workplace, and had continually harassed her with questions about her personal life. In subsequent interviews with managers and employees, it was discovered that the female employee and the senior manager were engaged in a consensual romantic relationship over the two-year period. Furthermore, witnesses said that the employee was also engaged in another love affair at the time, but she and the second lover had broken up at about the time her performance dropped off.

RESOLUTION

The company determined that it would rather settle than go to court. After paying more than \$120,000 in defense costs, the company settled with the former employee for \$250,000.



Chubb Group of Insurance Companies
Warren, NJ 07059
www.chubb.com

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

Golsan Scruggs
7320 SW Hunziker Street, Suite 320, Portland OR 97223
Phone: (503)244-0297 , Fax: (503)244-0298
Email: info@golsanscruggs.com