



EMPLOYMENT CLAIMS

A female bank employee was a new accounts clerk/customer representative at one of the bank's branches. She claimed that she was being sexually harassed by the branch manager. She claimed that the branch manager had a long history of sexual harassment and the bank had done nothing about it in spite of complaints by other female employees. Although the branch manager denied the allegations, he was counseled about appropriate behavior. The employee was immediately transferred to another branch in the same position. The employee filed a lawsuit against the bank and the branch manager alleging sexual harassment and retaliation for making a claim. The employee was not terminated and did not resign from the bank even though she had sued the bank and a bank officer. The alleged retaliation was in the form of the transfer to the other branch which she characterized as a "demotion."

As the litigation process progressed, it became evident that the bank acted promptly upon learning of the complaint by counseling the branch manager concerning appropriate behavior even though he denied the allegations and by transferring the employee to another branch. The transfer did not result in any reduction in pay or benefits, nor did it restrict her upward mobility at the bank. Additionally, the new branch was actually closer to her home and reduced her commuting time. The transfer was an accommodation to provide her with a more comfortable work environment. The actions of the officer had not been established as being inappropriate when settlement discussions began. The matter was settled. BancInsure contributed \$45,000 to the settlement.

In addition to the \$45,000 contributed to the settlement, BancInsure reimbursed the bank approximately \$42,000 for defense costs. The bank was insured with a BancInsure Directors' and Officers' Liability Insurance Policy that included an Employment Practices Liability Endorsement. Had the bank not purchased the Employment Practices Liability Endorsement, there would have been coverage only for the claims against the officer (branch manager), and there would not have been any coverage for the bank's defense costs or the bank's portion of the any settlement. Our experience has been that lawsuits involving employment matters almost always include the bank as a defendant. BancInsure's Directors' and Officers' Liability Insurance Policy with the Employment Practices Liability Endorsement provides the bank and its directors and officers coverage for most employment related claims.

BancInsure has become a leading writer of Directors' and Officers' Liability Insurance Policies for financial institutions in the United States by providing a sound, stable market, excellent service and fair claims treatment. If you would like to learn more about BancInsure's Directors' and Officers' Liability Insurance Policy or other coverages, please contact your BancInsure marketing representative.