



Office love . . . can lead to corporate heartbreak

COVERAGE SECTION	EMPLOYMENT PRACTICES LIABILITY
Claim	Sexual harassment
Company	Privately held
Number of employees	242
Annual revenue	\$210 million
Region	Northwest

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 EXECUTIVE PROTECTION

Chubb Group of Insurance Companies

82 Hopmeadow Street
Post Office Box 2002
Simsbury, CT 06070-7683

Phone: 800.432.8168 • Fax: 860.408.2002
Web site: <http://csi.chubb.com>
Email: csi-info@chubb.com

Loss scenarios are based on actual cases, composites of actual cases, or hypothetical situations. Whether or not or to what extent a particular loss is covered depends on the facts and circumstances of the loss and the terms, conditions, and endorsements of the policy as issued. It is impossible to state in the abstract whether the policy would necessarily provide coverage in any given situation. Consult your agent, broker, or other expert.

Form 14-01-0558 (Ed. 3/02)

