

Staffing Insurance News

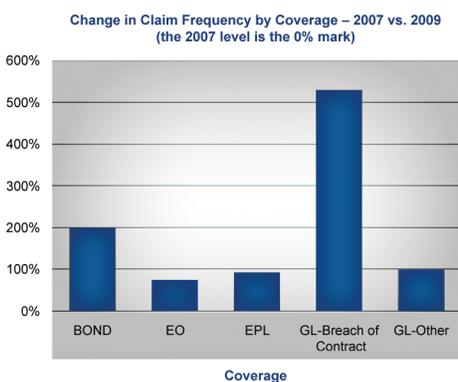


NEWSLETTER MARCH 2010

Economy & Claims: They Are Tied Together

With more than 40 years experience insuring staffing firms, World Wide has seen a few recessions. While we appear to be in recovery from the most recent, unfortunately, dealing with the aftermath of massive downsizings and unemployment – currently at 10% – will take some time.

As supported by the data we have collected over the years, there is a direct correlation between recessions and a rise in claims. We saw the impact in the 1980s, again in 2001, and now in 2008–2009 – lawsuits for breach of contract, failure to perform, confidentiality issues, and most notably, employment-related charges, increase in poor economic times.



Employees feel dispossessed. They are scared and look for protection, perhaps in the form of a wrongful termination lawsuit, discrimination filing or sexual harassment charge.

This is borne out in a January 6th report from the U.S. Equal Employment Opportunity Commission (EEOC) which announced that almost 94,000 workplace discrimination charges were filed during 2009, the second highest level ever. Workers were awarded more than \$376 million. The agency noted that economic conditions could be a factor in the near historic level of filings.

In a recent claim from one of our staffing clients, an in-house employee alleged discrimination in the wrongful termination of her employment while on maternity leave. The staffing firm maintained they needed to downsize her position, and that another employee would assume that role. However, the employee was able to prove that the staffing firm had advertised to fill her position after she was terminated. Insurance paid the \$600,000 she was awarded, along with over \$200,000 in legal expenses.

History shows that three out of five companies will be sued at some point by an employee. Companies are vulnerable from the pre-hiring process through the exit interview. In this job climate, with so many applicants and so few positions, someone who overhears an inappropriate remark as they leave the conference room after an interview can claim he was passed over unfairly.

In a recession, it is not uncommon for business owners to consider some insurance coverage as expendable. Our advice is to consider the facts. You can pay the premium or you can pay the claim. The choice is yours.

At **World Wide**, we have built a company and a corporate culture whose sole focus is insuring that the staffing industry is protected from the unique liabilities they face.

For more information on background screenings and staffing firm coverage, contact **World Wide Specialty Programs** at **631-390-0900**, or visit our website at wwwspi.com.



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