# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>xv</td>
</tr>
<tr>
<td>About the Editor</td>
<td>xvii</td>
</tr>
<tr>
<td>About the Authors</td>
<td>xix</td>
</tr>
<tr>
<td>Acknowledgments</td>
<td>xxv</td>
</tr>
<tr>
<td><strong>CHAPTER 1</strong></td>
<td></td>
</tr>
<tr>
<td>Employment Practices Liability Insurance</td>
<td>1</td>
</tr>
<tr>
<td>Amy S. Wilson and Steven T. McDevitt</td>
<td></td>
</tr>
<tr>
<td>I. Origins and Evolution of Employment Practices Liability Insurance</td>
<td>1</td>
</tr>
<tr>
<td>II. Fundamentals of the EPL Policy</td>
<td>3</td>
</tr>
<tr>
<td>III. Defense Issues</td>
<td>7</td>
</tr>
<tr>
<td>IV. What Constitutes a Covered Claim?</td>
<td>11</td>
</tr>
<tr>
<td>V. What Constitutes a Covered Loss?</td>
<td>12</td>
</tr>
<tr>
<td>VI. What Are the Covered Perils?</td>
<td>15</td>
</tr>
<tr>
<td>VII. Key Policy Exclusions</td>
<td>17</td>
</tr>
<tr>
<td>VIII. “Other Insurance” Clause</td>
<td>19</td>
</tr>
<tr>
<td>IX. Application Issues</td>
<td>21</td>
</tr>
<tr>
<td>X. Future of EPL Insurance</td>
<td>22</td>
</tr>
<tr>
<td><strong>APPENDIX 1A</strong></td>
<td></td>
</tr>
<tr>
<td>Specimen Employment Practices Liability Policy</td>
<td>26</td>
</tr>
<tr>
<td><strong>APPENDIX 1B</strong></td>
<td></td>
</tr>
<tr>
<td>Application</td>
<td>43</td>
</tr>
<tr>
<td>APPENDIX 1C</td>
<td>Declarations</td>
</tr>
<tr>
<td>APPENDIX 1D</td>
<td>Specimen Duty to Defend Endorsement with Coverage Enhancements</td>
</tr>
<tr>
<td>APPENDIX 1E</td>
<td>Specimen Amended Reporting Provision Endorsement</td>
</tr>
<tr>
<td>APPENDIX 1F</td>
<td>Specimen Violation of Employee Privacy Endorsement (Defense Costs Only with Sublimit)</td>
</tr>
<tr>
<td>APPENDIX 1G</td>
<td>Specimen Spousal and Domestic Partner Extension Endorsement</td>
</tr>
</tbody>
</table>

CHAPTER 2
Coverage for Employment Claims Under Other Insurance Policies | 67
Kenneth M. Gorenberg and James R. Wolfe
I. Introduction | 67
II. Background Information | 68
   A. Legal Framework for Determining Duty to Defend and Indemnification | 69
   B. Presumptions Courts Use When Interpreting Insurance Contracts | 71
III. Commercial General Liability Insurance | 72
   A. Coverage for Bodily Injury or Property Damage | 75
   B. Coverage for Personal and Advertising Injury | 88
   C. Exclusions | 92
CONTENTS

IV. Other Types of Insurance 98
   A. Directors and Officers 98
   B. Errors and Omissions Insurance 100
   C. Workers’ Compensation and Employer’s Liability Policies 104
V. Emerging Issues Regarding Coverage for FSLA Claims 107
VI. Conclusion 110

CHAPTER 3
Insurability of Intentional Conduct and Punitive Damages 113
Jennifer Rulon and Anne Duprey
I. Intentional Misconduct 114
   A. Intentional Conduct 114
   B. Construing the Intentional Act Exclusion Under Non-EPL Policies 114
   C. Intentional Acts and EPL Coverage 118
II. Punitive Damages 119
   A. Attitude Toward Punitive Damages 119
   B. Punitive Damages Coverage 121

CHAPTER 4
Investigating EPL-Covered Claims 129
Amanda Couture and Todd J. Kaiser
I. Prepolicy Investigations 130
   A. The Need for EPL Coverage and What to Expect Prior to Coverage 130
   B. Concerns About Confidentiality and Privilege 132
   C. Practical Considerations When Considering an EPL Policy 133
II. The Postcharge Investigation 134
   A. Introduction 134
   B. Self-Investigation 135
CHAPTER 5
Pleading Strategies, Affirmative Defenses, and Burdens of Proof 149
Gregory V. Mersol
I. Introduction 149
II. Pleading Strategies 150
   A. Introduction 150
   B. Forum 151
   C. When to Assert Potential Affirmative Defenses 155
   D. Answer 162
   E. Jury Demand 163
   F. Amendment 164
   G. Counterclaims 165
III. Affirmative Defenses 166
   A. Introduction 166
   B. Do Iqbal/Twombly Pleading Standards Apply? 167
   C. The Rule 8(c) Defenses 168
   D. Additional Potential Defenses 176
IV. Conclusion 204

CHAPTER 6
The Use and Misuse of Statistics in Employment Litigation 205
Zascha Blanco Abbott
I. The Evolution of the Role of Statistics in Employment Discrimination Litigation 206
II. The Use of Statistical Disparities to Prove Motivation 207
III. Development of Adverse Impact Theories 213
IV. Attacks on, and Defense of, Procedures for Hiring or Promotion Require Statistical Evidence 219
V. Statistics May Be Used to Support Disparate Treatment Claims 220
VI. Statistics May Be Used to Support Pattern or Practice Claims 221
VII. Limitations on Use of Statistical Evidence 221
   A. Sample Size May Limit the Usefulness of Statistical Analysis 222
   B. Failure to Account for Relevant Variables May Limit the Usefulness of Statistical Evidence 223
   C. Inappropriate Aggregation or Disaggregation of Data May Limit the Usefulness of Statistical Analysis 226
VIII. The Role of the Trial Court as Gatekeeper, or Shootout at the Daubert Corral 228
IX. Jurors Are Not Statisticians, So Lawyers Must Make Statistics Understandable 229

CHAPTER 7
Emotional Injury and Employment Causes of Action 233
Kerry E. Notestine
I. Employment Statutes and Emotional Distress Damages 234
   A. Statutes That Permit Awards of Emotional Distress Damages 234
   B. Federal Statutes That Do Not Provide for Emotional Distress Damage 247
   C. Proof Necessary to Establish a Right to Compensatory Damages for Statutory Employment Claims 252
II. Emotional Injury in the Context of State Law and Employment-Related Claims 254
A. Independent Claims for Emotional Distress: Intentional and Negligent Infliction of Emotional Distress 254
B. Wrongful Discharge and Emotional Injury 260
C. Tortious Interference with a Contract 261
D. Defamation 263
E. Invasion of Privacy 265
F. Assault and Battery 267

III. Defenses and Strategy 269
A. Failure to Meet Burden of Proof: Summary Judgment Challenges 269
B. Failure to Demonstrate Causation: Expert Challenges 270
C. Settlement and Taxation of Emotional Injury Claims 272

IV. Conclusion 274

CHAPTER 8
Back Pay, Front Pay, Compensatory and Punitive Damages Standards, and Defense of Claims Seeking Same 275

Roxella T. Cavazos

I. Back Pay 276
A. Entitlement to Back Pay 276
B. Determination of Back Pay 277
C. Components of Back Pay 278
D. Calculation of Back Pay 278

II. Front Pay 280
A. Entitlement to Front Pay 280
B. Calculation of Front Pay 282

III. Compensatory Damages 284
A. Entitlement to Compensatory Damages 284
B. Components of Compensatory Damages 285

IV. Punitive Damages 287
A. Entitlement to Punitive Damages 287
B. Standard for Punitive Damages 288
V. Defenses to Back Pay and Front Pay 289
   A. Failure to Mitigate 289
   B. Offset for Unemployment Benefits 293
   C. The After-Acquired Evidence Doctrine 295
   D. The Statute of Limitations, Failure to Exhaust Administrative Remedies, and Continuing Violations 296
   E. Prompt Remedial Action and Other Defenses to Harassment Claims 298
   F. ADEA Defenses 301

VI. Defenses to Compensatory and Punitive Damages 303
   A. Statutory Caps Under Title VII, ADA, and the Rehabilitation Act 303
   B. Compliance with Title VII 305
   C. Good-Faith Reasonable Accommodation 307

VII. Special Issues Regarding Back Pay and Damages 308
   A. Damages in Class Actions 308
   B. Offer of Judgment 309
   C. Arbitration Agreements 310

VIII. Conclusion 310

CHAPTER 9
Litigation of EPL Claims 313
Margaret J. Grover
I. Evidence Preservation 313
II. Discovery 316
   A. Initial Disclosures 317
   B. Plaintiff’s Deposition 319
   C. Defending Depositions of Company Representatives 322
   D. Interrogatories 324
   E. Requests for Production of Documents 325
   F. Requests for Admissions 326
   G. Psychological Examination of the Plaintiff 327
   H. Third-Party Depositions and Document Requests 329
CONTENTS

III. Alternative Dispute Resolution 329
   A. Binding Arbitration 330
   B. Nonbinding Arbitration 333
   C. Early Neutral Evaluation 334
   D. Mini-Trial 335

IV. Summary Judgment 335
   A. Standard for Summary Judgment 336
   B. Attacking the Prima Facie Case 337
   C. Burden Shifting 340
   D. Affirmative Defenses 342

V. Selection and Use of Experts 343

VI. Pretrial Submissions 347
   A. Voir Dire Questions 347
   B. Trial Brief 353
   C. In Limine Motions 354
   D. Jury Instructions 356
   E. Special Verdicts 357

VII. Trial 358
   A. Selecting Jurors 359
   B. Opening Statement 362
   C. Cross-Examining the Plaintiff 363
   D. Presenting Company Witnesses 365
   E. Examining Expert Witnesses 366
   F. Closing Argument 367
   G. Trial and Post-Trial Motions 369

CHAPTER 10
Settlement Issues and Strategies for EPL Claims 371
Catherine F. Burgett
I. Policy Provisions Regarding Settlement 371
   A. The Different Interests of Insurers and Insureds 371
   B. Who Has Settlement Authority? 372
### CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>C. Consent Provisions and Hammer Clauses</td>
<td>372</td>
</tr>
<tr>
<td>D. Cooperation Clauses and Protesting a Proposed Settlement</td>
<td>373</td>
</tr>
<tr>
<td><strong>II. Crafting Settlements</strong></td>
<td>374</td>
</tr>
<tr>
<td>A. Allocation of Proceeds Between Covered and Uncovered Claims</td>
<td>374</td>
</tr>
<tr>
<td>B. Taxability of Settlements</td>
<td>375</td>
</tr>
<tr>
<td><strong>III. Offers of Judgment</strong></td>
<td>388</td>
</tr>
<tr>
<td>A. Introduction</td>
<td>388</td>
</tr>
<tr>
<td>B. The Rule</td>
<td>388</td>
</tr>
<tr>
<td>C. The Primary Cases</td>
<td>390</td>
</tr>
<tr>
<td>D. Lawyer Fees</td>
<td>390</td>
</tr>
<tr>
<td>E. Operation of Rule 68</td>
<td>392</td>
</tr>
</tbody>
</table>

**CHAPTER 11 Mediation and Releases**

Sandra R. McCandless

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. When to Mediate?</td>
<td>398</td>
</tr>
<tr>
<td>A. Potential Benefits of Alternative Dispute Resolution</td>
<td>398</td>
</tr>
<tr>
<td>B. Potential Drawbacks of Alternative Dispute Resolution</td>
<td>400</td>
</tr>
<tr>
<td>C. Settlement Discussions</td>
<td>401</td>
</tr>
<tr>
<td>D. Mediation</td>
<td>402</td>
</tr>
<tr>
<td><strong>II. Selection of the Mediator</strong></td>
<td>405</td>
</tr>
<tr>
<td><strong>III. Preparation for Mediation</strong></td>
<td>407</td>
</tr>
<tr>
<td><strong>IV. Participation in the Mediation Process</strong></td>
<td>409</td>
</tr>
<tr>
<td><strong>V. Reaching Closure</strong></td>
<td>412</td>
</tr>
<tr>
<td><strong>VI. Documenting the Settlement</strong></td>
<td>413</td>
</tr>
<tr>
<td>A. The Parties</td>
<td>414</td>
</tr>
<tr>
<td>B. The Financial Terms</td>
<td>414</td>
</tr>
<tr>
<td>C. Operative Release Language</td>
<td>416</td>
</tr>
<tr>
<td>D. Releases for Workers over Age Forty</td>
<td>418</td>
</tr>
<tr>
<td>E. Miscellaneous Release Provisions</td>
<td>419</td>
</tr>
</tbody>
</table>
APPENDIX 11A
Mediation Confidentiality Agreement 427

APPENDIX 11B
General Release and Separation Agreement 429

CHAPTER 12
Meredith McDonald and Patrick Gray
I. Introduction 435
II. Employment Practices Liability Insurance Policies 436
   A. Introduction 436
   B. Typical Provisions 436
   C. Exclusions 437
III. Ethical Issues Arising Out of the Tri-Partite Relationship 437
   A. Tri-Partite Relationship and Multiple-Party Representation and Duties Arising Therefrom 437
   B. Conflicts of Interest 450
   C. Bad Faith: Refusals to Settle Within Policy Limits 460
IV. Conclusion 464

APPENDIX 12A
Selected ABA Model Rules of Professional Conduct 465
Rule 1.1 Competence 465
Rule 1.2 Scope of Representation and Allocation of Authority between Client and Lawyer 468
Rule 1.4 Communication 472
Rule 1.6 Confidentiality of Information 475
Rule 1.7 Conflict of Interest: Current Clients 484
Rule 1.8 Conflict of Interest: Current Clients: Specific Rules 497
Rule 1.13 Organization as Client 508
<table>
<thead>
<tr>
<th>CONTENTS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rule 1.16 Declining or Terminating Representation</td>
<td>515</td>
</tr>
<tr>
<td>Rule 2.1 Advisor</td>
<td>518</td>
</tr>
<tr>
<td>Rule 3.2 Expediting Litigation</td>
<td>520</td>
</tr>
</tbody>
</table>

**APPENDIX 12B**

<table>
<thead>
<tr>
<th>Sample Multiple Representation Agreement</th>
<th>521</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table of Cases</td>
<td>525</td>
</tr>
<tr>
<td>Index</td>
<td>555</td>
</tr>
</tbody>
</table>