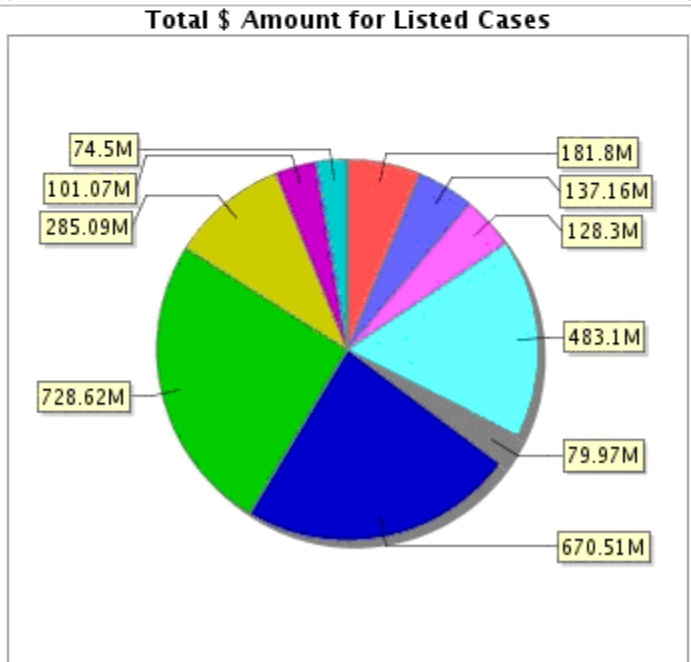
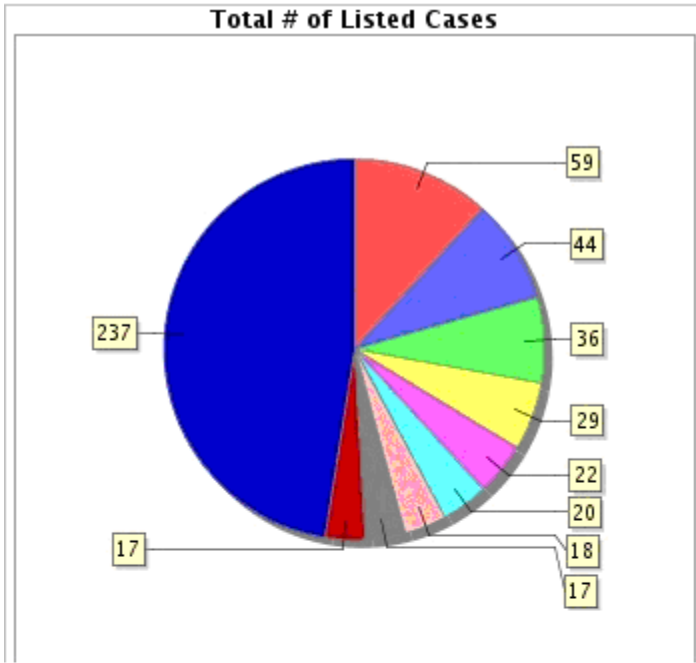


Wage and Hour

Advisen tracks over 5,500 significant Employment cases and events. These records total more than \$12 billion in loss and they range from Hostile Work Environment to Whistleblower/Retaliation to Discrimination & Harassment. One of most rapidly expanding case types is Wage and Hour. There are 488 records marked Wage and Hour totaling over \$2.8 billion in our database currently.

BY INDUSTRY

Here below is a quick pie chart illustrating the industry composition of Advisen's Wage and Hour cases. The five largest industry segments represented by Wage and Hour cases are Hotels, Restaurants & Leisure (red); Retail – Specialty (blue); Construction & Engineering (green); Commercial Services & Supplies (yellow); and Transportation - Road & Rail (pink).



WAGE AND HOUR: ONE EXAMPLE

Here is a snippet from one of the 488 cases. This one settled for \$120 million. Allstate Insurance Co. claims adjusters weren't paid overtime: This is a class action on behalf of 2,000 Allstate Insurance Co. claims adjusters who worked in California between Nov. 27, 1996 and Dec. 31, 2004. Lead plaintiff is William Sekly, 50s, who worked in Allstate's Woodland Hills and Palmdale offices between 1987 and 1998. Sekly alleged that he usually worked about 50 hours a week adjusting property damage and bodily injury claims, but was only getting paid

for 40 because Allstate classified him, and the other class members, as "exempt" from overtime compensation laws.

THREAT OF WAGE AND HOUR LAWSUITS

Wage and Hour lawsuits have been an escalating threat to companies of all sizes over the past decade. The basic rules governing minimum wage and overtime pay appear straightforward on the surface. However, when digging in deeper it becomes apparent that many of the rules draw blurry lines in the real world. Defining on-the-clock versus off-the-clock hours could be a challenge, and distinguishing exempt from non-exempt employees is much more complex than most realize. Despite evidence of negligence being the primary driver in many cases, most insurers have shied away from covering this liability in their employment practices liability insurance policies because the incidences are perceived as resulting from deliberate and illegal acts. Additionally, insurers are wary of the growing number of very large settlements in recent years. Companies are wisely advised to develop compliance procedures.

SPONSOR ADVISEN'S BRIEFING

Our editorial team is currently assembling a ten page Wage and Hour paper which identifies the most difficult current issues and provides guidance and insight to brokers, risk managers and buyers of insurance. If you're a carrier developing programs that cover Wage and Hour risks, or a law firm with a heavy focus on defense of Wage and Hour cases, or a broker with clients exposed to these issues, consider partnering with Advisen to sponsor this paper and a subsequent webcast. We are open to incorporating your perspectives on the issues in the paper, and we will feature an expert from your firm in the webcast. Contact Joan Kelly at jkelly@advisen.com

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