

[Databases selected:](#) Multiple databases...

THE WALL STREET JOURNAL.

Personal Finance -- Family Finance: Protecting Against Nanny Lawsuits; Insurance Policies Arise As Domestic Workers Grow, Along With Those Suing

Michelle Higgins. **Wall Street Journal**. (Eastern edition). New York, N.Y.: Jul 30, 2003. pg. D2

Subjects: Insurance coverage, Litigation, Domestic service, Homeowners insurance
Classification Codes 9190, 8220, 8305
Author(s): Michelle Higgins
Article types: News
Column Name: *Personal Finance*
Publication title: Wall Street Journal. (Eastern edition). New York, N.Y.: Jul 30, 2003. pg. D2
Source Type: Newspaper
ISSN/ISBN: 00999660
ProQuest document ID: 377516241
Text Word Count 869
Article URL: http://gateway.proquest.com/openurl?ctx_ver=z39.88-2003&res_id=xri:pqd&rft_val_fmt=ori:fmt:kev:mtx:journal&genre=article&rft_id=xri:pqd:did=000000377516241

Abstract (Article Summary)

Two insurers, Chubb Corp. and American International Group Inc.'s AIG Private Client Group, are peddling policies designed to protect homeowners against costs associated with lawsuits from housekeepers, babysitters, cooks and other household employees. The coverage, which costs around \$650 a year, protects policyholders against claims alleging wrongful termination, sexual harassment and employment discrimination. It might even cover the tab for a public-relations firm to save your reputation.

Yet lawyers say employment-practices liability insurance doesn't cover the most common areas of dispute, such as overtime, wage and hour issues, and compensation for on-the-job injuries. Most federal employment-discrimination laws apply only to employees of households with 15 domestic workers, so many household employees have a hard time pursuing discrimination cases in court. State discrimination laws often don't apply either.

Both Chubb and AIG, which write millions of homeowners-insurance policies, decline to provide numbers on how common discrimination and wrongful-termination lawsuits are. Indeed, numbers of any sort on lawsuits by domestic workers are scant. The U.S. Equal Employment Opportunity Commission tracks only discrimination complaints involving employers with 15 or more workers and says complaints by domestic workers rose to 90 in 2002 from 52 the previous year. Employees who work in establishments with fewer than 15 workers aren't protected by most federal discrimination laws.

Full Text (869 words)

Copyright Dow Jones & Company Inc Jul 30, 2003

Should you be worried about getting sued by your household employees?

Two insurers, Chubb Corp. and American International Group Inc.'s AIG Private Client Group, are peddling policies designed to protect homeowners against costs associated with lawsuits from housekeepers, babysitters, cooks and other household employees. The coverage, which costs around \$650 a year, protects policyholders against claims alleging wrongful termination, sexual harassment and employment discrimination. It might even cover the tab for a public-relations firm to save your reputation.

Nannies have been on the financial radar screen since 1993 when Zoe Baird's hopes of becoming President Clinton's attorney general were dashed by reports that she neglected to pay what soon became known as the nanny tax. Not long afterward, the number of people paying Social Security and Medicare taxes on household employees rose.

Insurers say the rising number of household workers, along with a more litigious society, is resulting in a rising number of lawsuits from domestic workers. In 2002, the Bureau of Labor Statistics counted 757,000 private household workers, up 9% from the previous year.

Lawmakers are paying attention too. In May, the New York City Council passed legislation requiring employment agencies to notify household employees in writing about their responsibilities, wages and expected hours.

The issue of domestic workers' rights has also been highlighted by high-profile lawsuits, such as the case against real-estate developer and media magnate, Mort Zuckerman, brought in federal court in New York by a woman he says was his maid. The woman, who contends she worked as Mr. Zuckerman's personal assistant but was employed by his company, alleges, among other things, that she was wrongfully fired after she took maternity leave.

Yet lawyers say employment-practices liability insurance doesn't cover the most common areas of dispute, such as overtime, wage and hour issues, and compensation for on-the-job injuries. Most federal employment-discrimination laws apply only to employees of households with 15 domestic workers, so many household employees have a hard time pursuing discrimination cases in court. State discrimination laws often don't apply either.

Mark Theodore, a labor and employment attorney in Los Angeles, recommends that clients review the tax and labor laws that apply to household employers in their state to make sure they are adhering to the law.

Both Chubb and AIG, which write millions of homeowners-insurance policies, decline to provide numbers on how common discrimination and wrongful-termination lawsuits are. Indeed, numbers of any sort on lawsuits by domestic workers are scant. The U.S. Equal Employment Opportunity Commission tracks only discrimination complaints involving employers with 15 or more workers and says complaints by domestic workers rose to 90 in 2002 from 52 the previous year. Employees who work in establishments with fewer than 15 workers aren't protected by most federal discrimination laws.

To be sure, many household workers are intimidated by their employers and rarely fight back. Many are immigrants without proper papers who fear they could be deported if they sue. They often lack knowledge of the U.S. legal system. Moreover, domestic workers often find they have few rights. Health insurance, maternity leave, and other benefits are almost nonexistent. So are Social Security payments and workers' compensation for those paid off the books.

Still, labor lawyers say an increase in legal resources is encouraging more household workers to speak out. In the Washington area, Break the Chain Campaign, an advocacy group for domestic workers, says it has helped at least 100 employees in the past four years with complaints that they were underpaid or discriminated against. At any given time, CASA of Maryland, a nonprofit legal-aid group, says it has about 15 domestic-worker cases pending.

"More workers have been informed of their rights and had more opportunities to vindicate their rights," says Michael J. Wishnie, director of the New York University Immigrant Rights Clinic, which has handled nine domestic-worker lawsuits in the past five years.

Peggy Amann, an insurance broker from Jericho, N.Y., says people who employ domestic workers need to understand that they could be held responsible for the actions of others. "You have to underwrite the household," says Ms. Amann. "You may think, I know right from wrong," but you have to consider the possible actions of your teenager or other employees, she says.

Chubb offers the coverage only as an add-on to a Chubb personal or excess liability policy with a limit of \$5 million or more. For \$650 a year, coverage includes \$250,000 for a judgment or settlement, plus lawyers' fees and \$25,000 to pay for a public-relations firm, after a \$10,000 deductible. Higher coverage amounts are available for \$975 a year.

Chubb currently offers employment-practices liability coverage in just five states -- Colorado, Illinois, New Jersey, Utah and Connecticut -- but plans to roll it out to Michigan and Ohio next month and more states over the next 24 months. Household employees covered by the policy include butlers, chauffeurs, cooks, gardeners, housekeepers,

babysitters, personal assistants and security personnel who regularly work 15 or more hours a week. Independent contractors -- people who don't work directly for you -- aren't included.

AIG offers similar employment-practices liability coverage nationwide, though coverage and prices may vary. Since launching the insurance at the beginning of last year, AIG has sold nearly 5,000 policies.

Copyright © 2003 ProQuest Information and Learning Company. All rights reserved. [Terms and Conditions](#)

[Text-only interface](#)

From: **ProQuest**
COMPANY