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Title: **New equal pay legislation – Employer exposure increases**

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President Obama signed his first bill into law, the Lilly Ledbetter Fair Pay Act of 2009, on Jan. 29. The law is named after Ms. Ledbetter, a woman who filed a lawsuit against her employer, Goodyear Tire and Rubber Company, for pay discrimination. The court found Goodyear guilty of pay discrimination, but later the Supreme Court dismissed the case since it was filed outside the statute of limitations. The Supreme Court ruled the lawsuit must have been filed within 180 days from the date of the first discriminatory payment.

The new law relaxes the statute of limitations by restarting the 180-day period for filing a pay discrimination lawsuit every time the employer issues discriminatory compensation such as a paycheck, regardless of when the discrimination started. All discriminatory compensation claims pending on or after May 27, 2007 are subject to the new legislation.

Pay discrimination lawsuits are expected to rise as filing a lawsuit is now easier. In addition, defense costs and settlement values could increase. Since the statute of limitations has been relaxed, many employers need to use alternative ways to defend themselves in pay discrimination lawsuits. All employers should maintain detailed documentation on payroll information. Written procedures for setting and reviewing pay decisions should be strictly followed. Employee files should include: starting pay, promotional pay, merit raises and explanations for the increases.

As a premier provider, Avalon continues to inform our clients on changes in the legal environment and offers protection to help reduce new exposures. Together with premier insurers, we provide **Employment Practices Liability Insurance**: coverage and defense for allegations of discrimination, sexual harassment, retaliation, unfair hiring practices and other work-place torts made by employees. With employee disputes accounting for almost 75 percent of claims against businesses and discrimination claims expected to increase, Employment Practices Liability Insurance is becoming a necessary element of risk management programs.

Avalon can provide Employment Practices Liability as a stand alone policy or as part of our Executive Risk Protection program, which includes: Directors & Officers, Fiduciary Insurance, Internet Liability and Crime Insurance.

For more information, please contact your local Avalon office or Anna Vize, Product Manager at (847) 700-8154 or at [avize@avalonrisk.com](mailto:avize@avalonrisk.com). A list of our eleven North American offices can be found at [www.avalonrisk.com](http://www.avalonrisk.com).

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