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Press Release

Anticipating Risk: *How to Staff your Home with the Best Domestic Employees*

NOVATO, Calif. (July 2, 2007) – If you're in need of good domestic staff, you've got a lot of company, with demand for childcare workers on a double-digit upswing through 2014. Yet, while domestic employees offer invaluable help and services, they can also pose a serious risk for homeowners – which is why Fireman's Fund Insurance Company offers insurance coverage to protect individuals from a variety of situations.

The three major risk categories related to domestic employees include inviting dishonest or dangerous persons into your home, getting hit with a lawsuit from a disgruntled employee, and getting charged with a workers compensation claim.

Despite many inspiring stories about nannies and caregivers, a quick glance at recent headlines is proof that homeowners should tread carefully. Notorious cautionary tales include:

- Former nanny Kim Tannahill, who was sued by actors Bruce Willis and Demi Moore after she talked about the stars' private lives to the news media. Tannahill filed a countersuit alleging she was mistreated.
- Former Chicago Bears defensive back Jerry Acumah, who allegedly had more than \$250,000 stolen from him by a housekeeper who was charged with depositing forged checks into her personal bank account.
- A housekeeper formally employed by a wealthy homeowner in Atherton, Calif., was recently charged with the theft of 454 bottles of her employer's rare wine collection.

The risk and exposure associated with hiring domestic employees can be effectively managed, according to risk management providers.

Find Good People

When hiring a domestic employee, screening thoroughly is essential, advises Dave Nicastro, senior vice president of the risk consulting firm, Global Options, Inc., which offers personal protection services for high-net-worth individuals. “A personal reference is best,” he says. “Ask family or friends for references. Second, do your homework. Conduct extensive interviews and check references. And carry out a comprehensive criminal record background check.”

Fred Giles, vice president of research services for the Wackenhut Corporation, cautions against relying solely on personal references, however. “Many dishonest people are probably really likeable,” Giles says.

Giles recommends that all employers read and understand the Fair Credit Reporting Act (FCRA), which governs the use of background reports. For all searches, the employer needs a disclosure and release form signed by the applicant. Applicants who are denied employment as a result of a background report have the right to dispute the findings.

If all this seems too daunting, consider an outside employee-screening vendor, such as GlobalOptions or Wackenhut. These companies have easy access to court records and can make sure you are in compliance with the FCRA. Fireman’s Fund® policyholders receive preferred pricing from GlobalOptions through the company’s Prestige® Advisory Services network of prescreened solution providers.

Protect Yourself From Lawsuits

Aside from the possibility of hiring untrustworthy people, homeowners are vulnerable to lawsuits from domestic staff – or even from people alleging negligence in cases involving domestic staff. For example, after a four-year-old tragically drowned in the pool at the house of rocker Tommy Lee, the child’s parents sued Lee for \$10 million. A jury found Lee not guilty, stating that two nannies entrusted to watch the child were responsible. While Lee was spared, similar cases have succeeded.

An option to the Prestige ExcessSM personal liability policy from Fireman's Fund protects individuals from suits brought by domestic employees says Bruce Petersen, chief operating officer for personal insurance at Fireman's Fund. The Prestige ExcessSM option, called Employment Practices Liability (EPL), features:

- High limits and broad coverage (up to \$5 million for as many as 10 domestic staff)
- Payment for legal defense costs
- Payment of up to \$25,000 to hire an employment practice crisis management or public relations firm to mitigate damages to your reputation

A major risk exposure for employers of domestic staff is on-the-job injuries. A number of insurance carriers, including Fireman's Fund, offer workers' compensation coverage for domestic staff. In some cases, carriers offer this coverage within a homeowner's policy and in other cases it's offered as a separate policy.

"Laws on workers' comp for domestic staff are different in each state," says Petersen of Fireman's Fund. "You should discuss the issue with your agent to make sure you get coverage that is right for you, your employees and your state."

Adding EPL insurance to a homeowner's policy, purchasing workers compensation insurance, and using background checks will help keep homeowners safe from risks related to hiring domestic employees.

About Fireman's Fund

Fireman's Fund Insurance Company is a premier property and casualty insurance company providing personal, commercial and specialty insurance products nationwide. Fireman's Fund is a member of the Allianz Group (NYSE: AZ), one of the world's largest providers of property and casualty insurance and other financial services. For additional information, visit www.firemansfund.com.

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