



## AVOIDING LIABILITY RISKS AT COMPANY CELEBRATIONS, HOLIDAY PARTIES AND OTHER GET-TOGETHERS

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Whether to celebrate a company's success or to spread holiday cheer, many companies throw parties for their employees throughout the year. While a good way to build camaraderie, employers must not overlook the liability risks associated with these light-hearted events.

Any company party must be viewed as an extension of the work place, including ensuring that best practices are followed to avoid a wide array of potential liability. Indeed, as the Seventh Circuit stated in *Place v. Abbott Laboratories*, 215 F.3d 803 (7th Cir. 2000), "[a]t the risk of playing the Grinch ... we note that office Christmas parties ... seem to be fertile ground for unwanted sexual overtures that lead to Title VII complaints." Following are common issues arising during company parties, along with recommendations to avoid liability exposure:

- *Wage and Hour Claims.* Claims for overtime often arise when non-exempt employees allege that attendance at a company party pushed them over the 40-hour workweek. Employers should ensure that party invitations are carefully worded to reflect that attendance at any party is voluntary and purely social.
- *Sexual Harassment.* As stated above, harassment claims often stem from inappropriate conduct and behavior at company parties. Employers should remind employees that company policies, including any relevant handbook policies (e.g., anti-harassment, dress code, social media) apply at parties. Employers may also consider allowing invited guests, which, while raising costs, also make employees less likely to engage in offensive conduct. Finally, do not hang mistletoe or set up other situations that may encourage physical interaction.
- *Religion, Race, and National Origin Discrimination.* Title VII prohibits discrimination based on religion, race, and national

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origin. Discrimination claims can arise out of a company party if, for example, religious terms are used to describe the party, or too much emphasis is placed on a single holiday or religion. Employers should ensure any invitations and party decorations are either fully inclusive of all religions, or remain generic and neutral.

- *Alcohol Consumption.* An over-served employee may give rise to liability for his/her employer under various legal theories (depending on state law). Employers can reduce potential claims by handing out drink tickets, serving sufficient food, limiting the time drinks are served, and arranging, if necessary, for end of evening transportation.
- *Worker's Compensation Claims.* Last, an employee injured at a company party could claim the injury occurred during the course of their employment. Like with wage issues, discussed above, employers should emphasize that party attendance (including any role performed at the party) is voluntary and considered off-duty.

Importantly, employers should also check to see if their company party is covered under any Employment Practices Liability Insurance or Comprehensive General Liability Insurance, as well as promptly investigate any complaints stemming from any alleged conduct occurring at a party.

Despite whatever best intentions a company has, and however innocuous it believes something to be, employers must be cautious that a night of cheer doesn't lead to headaches -- at least beyond those caused by a given beverage of choice.

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