In a significant legal development, the United States Supreme Court is set to review a case brought by the National Labor Relations Board (NLRB) against Starbucks involving the termination of pro-union employees. The controversy emerged when several Starbucks employees, advocating for the formation of a union, were allegedly retaliated against and fired by the company. The workers argue that their termination was a direct response to their pro-union activities, a claim denied by Starbucks. The case has garnered attention for its potential implications on workers’ rights to organize and the broader landscape of labor relations.

The Supreme Court is expected to examine several key issues in this case. First, it will assess whether the dismissal of employees engaged in pro-union activities constitutes a violation of their rights under labor laws. Second, the court may investigate the broader question of how companies navigate the balance between protecting their interests and respecting employees’ rights to organize.

Having an employment practices liability insurance (EPLI) policy in place can protect employers against the potential financial burdens associated with claims arising from the employment relationship.
This legal development takes place against the backdrop of a notable surge in demand for the NLRB’s services in 2023, as evidenced by the filing of 22,448 cases — an increase of 10% compared to 2022. The heightened activity in both unfair labor practice charges and union representation petitions underscores the ongoing importance of the outcome of the Starbucks case.

A favorable ruling for the dismissed workers holds the potential for significant implications between employers and employees within the world of unions. First, should the NLRB successfully compel companies to reinstate these workers, it would mark a triumph for workers’ rights and labor organizations. This outcome would serve as a strong message that actions perceived as anti-union or unfair labor practices will incur consequences.

Second, the NLRB’s involvement in reinstatement cases could fortify the standing of labor unions and the practice of collective bargaining. This underscores the notion that workers possess the right to organize, emphasizing the responsibility of employers to adhere to labor laws.

Third, decisions rendered by the NLRB could establish legal precedents with impact on future cases. Consistent support for workers seeking reinstatement after being dismissed for pro-union activities could lay the groundwork for addressing similar issues going forward.

Lastly, companies may adopt a more cautious approach, refraining from actions that could be perceived as retaliatory against employees involved in unionization efforts.

On the other hand, a decision favoring Starbucks could reinforce a company’s ability to manage its workforce without interference based on employees’ unionization activities. The Supreme Court’s decision in the Starbucks case will undoubtedly shape the legal landscape surrounding workers’ rights and unionization efforts, setting a precedent for future disputes in the delicate balance between employers and employees advocating for collective bargaining.

This is yet another example of the importance of understanding and having in place employment practices liability insurance (EPLI) policies. EPLI policies serve as a safeguard for employers, offering protection against the potential financial burdens associated with claims arising from the employment relationship. While EPLI addresses issues such as discrimination, harassment and wrongful discharge, among others, it’s important to note that certain claims, such as violations of the National Labor Relations Act, may not fall under its purview; however, retaliation and retaliatory discharge claims may be covered. Regardless, businesses should explore options for coverage to mitigate defense costs and employment-related exposures. For a discussion on your specific business needs and comprehensive insurance solutions for labor and employment practices, NFP’s professionals are available to assist and navigate the diverse exposures your business may encounter.

Questions? Contact:

Matthew G. Schott
Managing Director
Management, Cyber and Professional Liability
NFP Property & Casualty Services Inc.
P: 856.287.1496 | matthew.schott@nfp.com | NFP.com

Michael Stewart
VP, Claims Advocate
michael.stewart@nfp.com | NFP.com

Kevin M. Smith
SVP, Management and Professional Liability
200 Park Ave. | Suite 3202 | New York, NY 10173
M: 201.314.0801 | kevin.m.smith@nfp.com | NFP.com

Jonathan Franznick
SVP, Head of Claims Advocacy
200 Park Ave. | Suite 3202 | New York, NY 10173
P: 212.301.1096 | M: 908.461.1389
jonathan.franznick@nfp.com | NFP.com

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