

Limiting Social Host Liquor Liability

A bartender is legally liable for serving alcohol to a patron who becomes intoxicated and then injures a third party. Does a business face a similar exposure when it hosts a social event where alcohol is served, such as an open house or employee picnic?

According to the Insurance Information Institute, liquor liability exposure is not limited to those whose primary business is the sale of alcoholic beverages. Most states currently have social host statutes or common law that holds private event hosts liable for the actions of their guests. You are considered a social host if you provide alcohol to individuals in a non-commercial manner. It is important to know the law in your jurisdiction and to take the appropriate steps to control your risk.

Create a Risk Management Program

An important first step in limiting your liquor liability is to implement a risk management program. The liquor liability program must have the support of management, be communicated to supervisors and employees, and include a policy advising employees to drink responsibly at company events.

The program should outline the procedures for handling intoxicated guests. This includes delegating who will assess the situation, such as hotel security or someone from your organization, and outlining appropriate actions for dealing with or removing a guest who has overindulged.

In the Event of an Incident

If an incident occurs, fill out a liquor liability incident report documenting measures taken to control the

intoxicated person and helps your defense in the event of an alcohol-related accident.

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Liability Insurance

In addition to proper liquor liability planning and education, review your company's current general liability insurance policy to determine your coverage in social-host situations.

Remember, even with the proper coverage, a liquor liability policy does not eliminate your exposure if alcohol service is in violation of a statute, a minor is served, or an already intoxicated person is served.

It's also important to have a program in place that includes the following recommendations when working with third-party vendors:

- When working with a vendor, such as a caterer or bartender service, verify they are licensed and insured.
- Stipulate in your vendor's contract that only those who have received alcohol-awareness training should serve or sell alcohol at your event.

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- Require the vendor to provide Certificate of Liability Insurance to include Liquor Liability coverage naming your company as Additional Insured.

Promoting Safety and Sobriety at Company-Sponsored Events

To promote the safety and sobriety of your employees and guests at company-sponsored events, review the following recommended control measures:

- Serve drinks to guests rather than offering a self-serve bar.
- Set up bar stations instead of having servers circulating the room; if offered, people are inclined to accept drinks they wouldn't have otherwise ordered.
- Place table tents at each bar reminding employees and guests to drink responsibly.
- Don't price alcohol too low, as it encourages over-consumption.
- Offer a range of low-alcohol and alcohol-free drinks at no charge.
- Require servers to measure spirits.
- Always serve food with alcohol.
- Close the bar an hour before the scheduled end of the party.
- Do not offer a "last call" as this promotes rapid consumption.
- Never raffle alcohol or hold contests that involve buying or drinking alcohol.
- Entice guests to take advantage of safe transportation options by subsidizing taxis or promoting a designated driver program.
- If your event includes a program or speaker,

schedule it for after dinner and drinks are served. This allows additional time for alcohol to wear off.

Before your company hosts its next event, contact Eaton Insurance Services . We can review your coverage and assist in developing a risk management plan that keeps safety at the center of your company-sponsored events.



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