

## LIQUOR LIABILITY

Healthcare organizations may have a liquor liability exposure present with activities or events such as fundraisers and employee holiday parties. Some facilities even host “cocktail parties” for residents. No matter how infrequent these events may be, anytime activities include the sale or serving of alcohol, the healthcare organization may be held responsible for issues relating to individuals that they have served.

### LIQUOR LIABILITY EXAMPLES

It is important to understand the potential liability as an entity and a server of alcoholic beverages.

Examples of areas where issues have occurred when serving alcohol include:

- Serving an individual who is under the legal drinking age.
- Serving a person who is visibly intoxicated.
- Failure to maintain control of the event or premises.

### LIQUOR LAWS

It is also important to be aware of your specific state’s laws for serving alcohol as laws vary from state to state. For example, non-profit entities having and/or hosting private parties on their premises may not need to obtain a permit provided that the alcohol is not being sold.

A liquor license will more than likely be required for events that are open to the public, have a charge to get in and/or sell alcohol.

The particular state that you reside in has specific state liquor laws, which you are required to abide by. Alcohol laws by state can be found at <https://www.consumer.ftc.gov/articles/0388-alcohol-laws-state>.

Specific laws pertaining to servers or establishments serving alcohol that may apply to you are:

- Common Negligence is a specific state law that sets a minimum standard for action by a responsible person to prevent intoxication.
- Dram Shop Liability is a specific state law, which outlines penalties for third party lawsuits when alcohol is involved. Additional information regarding Dram Shop Liability state statutes can be found at <http://www.ncsl.org/research/financial-services-and-commerce/dram-shop-liability-state-statutes.aspx>.



## RISK REDUCTION RECOMMENDATIONS

The following steps are recommended to help reduce a liquor liability exposure:

- Obtain the proper liquor permit/license if needed.
- Have alcohol servers attend a server training program such as TIPS, TAMS, or RAMP.
- Require patrons to show proof of age – when in doubt, do not serve.
- Require ID bracelets be worn to distinguish between persons of legal and non-legal drinking ages.
- Institute a drink limit.
- Limit the timeframe for events.
- Observe patrons to detect signs of intoxication.
- Do not serve alcoholic beverages to any person who shows signs of intoxication upon arrival or may have consumed too much alcohol on the premises.
- Implement a designated driver program that provides alternate transportation to individuals who consume in excess of the legal limit of alcoholic beverages.
- Contact law enforcement immediately if a person that appears too drunk to drive gets in their car to drive.

## PROFESSIONAL CATERERS

Another way to manage your liquor liability risk is to use a professional caterer who can provide the following documentation:

- State liquor license
- Proof of liquor liability insurance and general liability insurance
- Documentation of means of training wait staff
- Contract terms including contract of indemnity favoring the healthcare organization.

**\*Consult an attorney to assure that indemnity language is sufficient and enforceable.**

While some effort is required to verify the qualifications of a caterer, the extra effort will be worth it in terms of transferring the liquor liability risk away from the healthcare organization.

## LIQUOR POLICIES

It is also recommended that you develop an alcohol policy to reduce the organization's liquor liability, prevent alcohol from being served to minors and intoxicated persons, and minimize the potential for tragedies. Consider implementing the following into your policy:

- Ensure that proper liquor liability insurance coverage is in place, either through your organization, provided by the establishment where your event is being held, or provided by the party renting your facility.
- Know who is an insured under the liquor liability and general liability policies in place. Volunteers may not be covered.
- Obtain a temporary/event based liquor license if alcohol is to be sold or distributed by donation.
- Special event policies should be written to extend at least 24 hours after the event.
- Define what can be served at your events. For example, you may require that non-alcoholic beverages also be served, and require that food be served along with alcohol.
- Define how alcohol can be served. For example, no self-serve of alcohol, and require that ID's be checked to ensure that alcohol is not served to under age persons.