

Liquor Liability Coverage

Personal property that is attractive to collectors usually requires special coverage under a Homeowners (HO) policy. This is due to severe coverage restrictions on special property. The premiums charged for personal property protected by a HO policy is designed to cover regular furnishings and ordinary property that face an average risk of loss. A regular stove, a chair, kitchen table or bed is no big deal. Such property is common to all homes and they're subject to routine losses. What makes property special? Usually certain circumstances that increase its susceptibility to loss such as:

- Rarity (age or scarcity)
- Small size, but high value
- Appreciating value
- High marketability
- High utility value

Many businesses have the majority of their exposures against lawsuits covered by a standard, general liability policy. However, business owners and managers often overlook their responsibility for losses related to alcoholic beverages. A typical liability policy for a business excludes losses that involve:

- causing or contributing to the intoxication of any person
- furnishing alcoholic beverages to a person under the legal drinking age
- furnishing alcoholic beverages to a person already under the influence of alcohol
- any statute, ordinance or regulation related to the sale, gift, distribution or use of alcoholic beverages.

However, the exclusions only apply to businesses that make, distribute, sell, serve or furnish alcoholic beverages. This means that most companies are covered for their liquor liability exposures, such as holiday parties. Other companies may need to consider special protection, such as what is offered by a Liquor Liability policy. This type of insurance protects bars, restaurants, hotels, motels, package liquor stores or other places where liquor is sold, distributed or served. It also protects liquor manufacturers as well as owners of property that houses liquor-related businesses. It handles claims involving injury or damage caused by customers who were provided liquor by the covered business.

A liquor liability policy covers only injury or damage an insured has caused due to its serving or selling/furnishing alcoholic beverages. Therefore, a liquor liability policy supplements an operation's general liability protection.

Liquor liability policies will protect a business from a variety of situations such as:

- A package liquor store that is sued by parents of minors who jump from a roof after drinking wine the store had sold them
- A bar owner who is sued by a person who was injured when an intoxicated patron emerged from the bar and fell on him
- A restaurant that is sued by a customer who is hurt during a fight between two intoxicated patrons
- A bar owner who is sued by the family of a woman killed by an intoxicated driver who purchased liquor from the bar

However, the liquor policy also has several important limitations. For instance, it only responds to losses involving the insured businessowner and employees (not their friends and relatives). Also, no coverage exists for intentional (deliberate) acts. Further, coverage does not apply to injury caused by the actual alcoholic beverage, such as food poisoning from contaminated beer. Businesses that have a significant liquor exposure should be sure to contact an insurance professional and arrange for proper coverage. It's the sober thing to do.

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