

Liquor liability insurance is an important insurance protection that all bars and restaurants that serve alcohol for on premises consumption should carefully consider. I've found that often bar and restaurant owners don't have a clear understanding of this coverage and why they should add it to their quiver of insurance policies. Some think that their general liability covers this kind of loss, while still others have just not thought through the possible scenarios that could sink their establishment without this coverage in place. Lately though, I am seeing a trend where state alcohol beverage control commissions are requiring that bars and restaurants prove that they have this coverage in place in order to renew their alcohol permit. The latest in this trend is [South Carolina](#) which now requires \$1 million in coverage in order to renew an on premises alcohol permit.

The primary purpose of liquor liability insurance is to protect the bar or restaurant from third party claims where the claimant has suffered property damage or bodily injury as a result of an intoxicated person who was served alcohol on their premises. These are sneak claims that can arise even if your establishment didn't over serve and if the patron left your bar or restaurant essentially sober. A recent example that our agency encountered involved a patron of our client's restaurant who was served several drinks between 7 and 9 pm. After that this person left this first bar and visited two other bars, continuing his drinking spree until 2 am. Upon leaving the last bar he drove his car while intoxicated and killed a young driver. The drunken driver had low insurance policy limits on his auto policy which were quickly exhausted. After that, the family of the deceased driver sued all three bars that this patron had visited that night. All were forced to pay legal fees for defense and all three faced judgements as a result of this claim. Fortunately, our client had liquor liability insurance in place so he is still in business today.

This short story indicates that just being careful about who you serve and for how long is not enough to protect you. Once you are in the chain of those that served alcohol to a customer, you could be involved with all other serving locations in a lawsuit should this person drive while drunk and hurt or injure someone. In my opinion, the control of this exposure is too far out of a bar or restaurant owners hands to rely on procedures to protect them. [Liquor liability insurance](#) is a much safer bet.

So how do you decide how much insurance to purchase? Some simply rely on what the state mandated rules require. In my opinion this is a lazy way to go about it. This is buying coverage to satisfy a permit rule rather than to protect your business. The main thing to understand is that you cannot accurately predict how much liability insurance you will need. The best approach is to get quotes for several different limits, then purchase as much coverage as you

can afford.

If you want more information, or if you need help setting up a liquor liability insurance policy for your restaurant or bar, please feel free to call us, toll free, at 877-687-7557 or visit our website at www.clinardinsurance.com or www.SCLiquorInsurance.com .