

DRAM SHOP INSURANCE BASICS**By Elizabeth A. DeConti, Esq.**

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Does your retail operation have the right insurance in the event of a dram shop or liquor liability lawsuit? Here are a few tips to keep in mind regarding the benefits of a dram shop liability insurance rider and the limitations of a general coverage policy.

“Dram shop” liability refers to cases that arise out of the sale and service of alcoholic beverages. Although the common law in the United States is that the consumption of alcoholic beverages, (not sale and service) is the proximate cause of alcohol-related injuries, restaurants and bars are exposed to dram shop claims brought by plaintiffs injured by their customers, or by customers who injure themselves as a result of intoxication. Having the appropriate insurance coverage will help manage costs in the event of such a lawsuit. Here are some issues to consider in evaluating your coverage.

- Does the general liability policy which covers the premises have a dram shop or liquor liability exclusion?
- If so, has the premises purchased additional dram shop coverage?
- Does the state where the premises is located require restaurants and bars to have dram shop coverage, and if so, does the coverage need to meet a statutory amount?
- Do relevant policies have an assault and battery exclusion which might allow the insurer to deny coverage in a dram shop case where the facts involved fighting, broken bottles or trampling?

Discuss these issues with your insurance agent to determine if your coverage is appropriate. Being proactive and prepared will place your establishment in a better position to handle what follows if plaintiffs arrive at your bar.

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