



# Liquor Liability Risk Management

If you operate a restaurant, bar, club, conference centre, hotel or other business where alcohol is sold or served, you need to manage and mitigate liability risks. In addition to complying with municipal, provincial and federal liquor regulations, there are other steps you can take to manage risk. Your insurance representative can provide additional information about liquor liability and the risks that are covered in your insurance policy. Anyone involved in the serving of alcohol to an individual which leads to damage or injury could be held liable for such damage or injuries when alcohol is deemed to have been a contributing factor.

As soon as you are aware of a claim or potential claim situation, take action and contact your insurance representative.

## TIPS FOR MANAGING LIQUOR LIABILITY RISKS

1. Create written policies and procedures with meaningful consequences and strictly enforce them. Some useful elements of a policy – that may be required by law – include:
  - Limiting alcohol consumption
  - Requiring that bartenders be experienced and prohibit serving obviously intoxicated persons
  - Offering food service
  - Encouraging the use of taxi or ride-sharing services and assisting patrons by calling or securing a taxi or ride-sharing service on request
  - Providing reduced/subsidized taxi or hotel rates
  - Encouraging designated-driver programs
  - Reminding guests before and during an event not to drink and drive and of the other options available
2. Comply with all provincial legislation regarding alcohol, including age of majority rules.
3. Obtain all proper permits to sell or serve alcohol. In most jurisdiction permits must be displayed.
4. Ensure servers have completed the required provincial alcohol education programs.
  - Having trained doormen/bouncers/spotters watch people leaving and encourage or insist on taxi/ride-sharing use when appropriate
  - Informing guests that intoxicated persons will be put into taxis or a ride-sharing service
  - Do not serve or sell alcohol to those under the legal drinking age (varies province or territory).
  - Do not serve patrons past the point of intoxication.
  - Train servers on government legislation and regulations pertaining to alcohol.

- Train servers on the organization's policies and procedures and enforce compliance. Make sure training is documented.
5. Implement a mandatory identification policy to verify age.
    - Establish and document the forms of identification that are acceptable
    - Establish and document when identification needs to be shown. For example, require identification from anyone who is not obviously over the age of 30
  6. Display informational material on government policies and legislation related to alcohol.
    - Inform customers that the business will abide by the rules set out by the government
  7. Implement inventory controls over alcohol and measures to prevent theft (e.g., install security cameras, hire additional personnel, etc.).
  8. Establish and document hours to sell or serve alcohol. Check with your local authority to determine minimum standards.
    - If you are renting out a location that you own where renters may consume alcohol, enter into an agreement with the renter that include contractual clauses to protect the owner from losses or damages, or require the renter to carry liquor liability insurance for the event, resulting from the renter's serving of alcohol. These clauses may or requirements help limit your liabilities. Consult a lawyer for advice on contracts and agreements
  9. Obtain insurance coverage, possibly with higher coverage limits (i.e., higher limits than organizations that do not serve/sell alcohol). Consult your insurance representative.
  10. Comply with provincial regulations and consider implementing a zero tolerance alcohol and drug policy for staff. Do not allow employees and/or volunteers to:
    - Consume alcohol or drugs while working
    - Drink and drive
    - Work if they are or appear intoxicated

## REPORTING A LIQUOR LIABILITY CLAIM

1. Record all relevant information surrounding the incident, such as the names and contact information of any witnesses, employees or volunteers who were present or have information about the incident. Complete an incident report that includes all of the relevant details, especially any police involvement.
2. Refer any discussions with the potential claimant to your insurer. It is wise to tell employees and/or volunteers that they should not discuss liability with potential claimants and that they should never admit liability.
3. Investigate potential causes and implement preventive measures.

Source: Compiled with Canadian Risk Intervention Inc.

## *We are here to help.*

IBC has insurance professionals to help businesses navigate the insurance marketplace. Contact IBC's Business Insurance Helpline at **1-844-2ask-IBC** (1-844-227-5422) if you need help obtaining affordable insurance coverage.