

# Staffing Insurance News



NEWSLETTER JUNE 2010

## Liquor Legal Liability: How Exposed Are you?

As the special event season warms up, staffing firms are called upon for an increasing number of temporary hospitality placements—and with that come concerns about liquor liability, or their exposure from personnel that are serving or working around alcohol. But the key to protection is making sure your client has the coverage they need.

Staffing companies often ask us if they need Liquor Liability coverage when supplying personnel to special events such as parties, fundraisers and weddings. Liquor Legal Liability insurance ('Dram Shop' liability insurance in some states) is purchased by those that hold liquor licenses— anyone that manufactures, distributes or sells alcohol. This includes the hotels, bars, restaurants, sports and recreational venues where such events take place; each should hold a Liquor Legal Liability policy that covers all employees, both temporary and permanent.

For everyone else—including staffing firms—there is Host Liquor Liability coverage, which is part of [World Wide's](#) General Liability Coverage (CGL). Excluded under the Host Liquor Liability are any companies "in the business of" manufacturing, distributing, serving or selling alcoholic beverages—most likely your client, which may be as clear-cut as a bar but would also include caterers and special events companies. Each client should hold Liquor Legal Liability coverage, and staffing firms need to make sure that coverage is in place where they are placing employees.

Consider the following real-life scenario: on the way home from a special event, an intoxicated guest injures another person during an accident. The injured party, in turn, brings a lawsuit against both the guest and the establishment where the event took place, alleging that the venue was negligent for their employee's behavior—in this case, a bartender over serving a patron. To complicate matters, the bartender was a temporary employee supplied by a staffing firm—so the establishment claimed the staffing firm was to blame for not properly training its own staff.

Since the staffing firm can not hold Liquor Legal Liability coverage, when placing temporary employees at jobs where alcohol is being handled, they should always make sure that their client has adequate CGL and Liquor Legal Liability coverage—then the staffing firm should request "Additional Insured" status as an add-on to that policy, or be indemnified against any mishap resulting from an intoxicated guest during or after an event.

Referring back to the real-life scenario above; because the proper safeguards were in place, the staffing firm was not responsible; the bodily injury stemming from the event was covered by that venue's own Liquor Legal Liability policy, which included endorsements covering independent contractors and temporary employees.

Even though the staffing firm should not be liable, it pays to be cautious when working around the potential minefield of alcohol. Case in point: not all eligible businesses—such as restaurants and caterers—opt for Liquor Liability coverage due to high costs and/or misconceptions about their legal responsibility for a patron's negligent behavior. Keep current evidence of insurance on file for each client, and make sure any employee who serves alcohol or works in a venue where alcohol is served, such as hostesses and valets, are adequately trained to deal with intoxicated guests.

For more information on Host Liquor Liability and the exposure from an improperly covered client, contact [World Wide Specialty Programs](#). We make it our responsibility to educate the staffing industry. If you ever have questions or concerns do not hesitate to call us at **631-390-0900**. We are proud to be an ASA Corporate Partner.



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