Dram shop or liquor control laws

The term “dram shop” comes from 18th century businesses in England that sold gin by the spoonful, called a dram.

Dram shop (another name for a bar or saloon) liability refers to the responsibility of the tavern, restaurant or other business (or social host) that sells or gives the alcohol to an obviously intoxicated person or a minor who then causes harm to another. These establishments then will need to purchase liquor liability insurance as the exposure to liquor control laws is excluded in the general liability policy.

Dram shop liability laws vary widely by state in regards to serving alcohol to an intoxicated person. For instance, ten states such as Nevada have no dram shop liability laws at all.

Some establishments in non-dram shop states have been held liable under common law for damage or injury resulting from the sale of liquor to minors or intoxicated persons. Thus even establishments in non-dram shop states need to also buy insurance coverage for protection.

Others states such as Illinois, are on the more strict end of the spectrum and impose comparative negligence upon the chain of vendors who sold an intoxicated person a beverage during a night of drinking, including those who may have just sold the first beverage.

Besides these two extremes, most states hold accountable the retailers who know or should have known they are selling alcohol to obviously intoxicated people or minors.

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