

# Party Hosts Face Serious Liabilities if Actions Cause Injury to Guests, Third Parties

Whether throwing a New Year's Eve soiree, a Halloween costume party for teens, a family get-together on Thanksgiving, or cocktails for a small group of friends, a homeowner may be held liable for alcohol-related mishaps that occur during and after hosting an event.

In addition to criminal and civil exposures associated with furnishing liquor to guests, hosts also face a myriad of premises liability risks that could land them in a sea of legal troubles. These include slip and fall accidents, falling objects, swimming pool and trampoline accidents, and food poisoning, to name a few.

For both social host and premises liability risks, homeowners' insurance provides limited coverage, typically \$100,000 to \$300,000 in coverage, depending on the policy. These standard homeowners' policy limits barely cover the medical costs of most major injuries, and would certainly be inadequate if the incident results in a personal injury lawsuit that requires hiring legal representation and possible payment of civil penalties or damages.

A personal risk analysis is often recommended to assess whether current insurance policies provide adequate coverage for serious injuries.

For instance, USI recently conducted a risk assessment for a client who was hosting a gathering and recommended that the client hire a professional bartender, inform the



guests to be prepared to take alternative transportation home, and ask guests to check in with the hosts before leaving. After reviewing the homeowner's policy and excess liability limits, the USI team uncovered a potential loss exposure of \$3 million due to low liability limits. Based on USI's recommendation, the client obtained increased limits for less than \$500 a year to cover the potential gap in coverage.

## Alcohol-Related Risks

Drunk-driving claims more than 10,000 lives annually, approximately 28 people each day or an individual every 51 minutes, according to the National Highway Traffic Safety Administration. These deaths and related damages contribute to a cost of \$52 billion a year.

When hosting a social gathering in your home, it is important to consider the liability exposures associated with alcohol related accidents. For example, social host liability laws, which vary widely from state to state, allow the victim of a drunk driver

to sue the party-throwers who served the alcohol.

Having a plan in place, such as hiring a professional bartender, securing ride-sharing services for guests, or providing breathalyzer checks, is always the best course of action. A host needs to know whether existing homeowners' policy provides appropriate coverage for a major alcohol-related accident. The liability limits need to be sufficient to cover the cost of a protracted litigation, medical expenses, lost wages, wrongful death, pain and suffering of injured person – all of which could easily exceed \$1 million.

Understanding individual state laws pertaining to social host liability is essential. Thirty nine states and the District of Columbia currently have enacted laws or have case law that permit social hosts who serve liquor to people who cause accidents to be held liable for any injury or death. There are a few states that do not impose any liability on social hosts, whereas other states extend liability to injuries occurring anywhere an inebriated guest travels.

In most states, the laws are particularly severe when the accident involves alcohol provided to a minor.

## Premises Liability Risks

Not all incidents that create liability for party-throwers are alcohol related. Guests at parties can sustain injuries if there are unsafe conditions at the home, like icy walkways, uneven floors or broken staircases, or falling debris from a damaged ceiling.

Take this case: A USI client hosted eight couples for dinner and a basketball game. All guests were chauffeured to and from the client's home. The party moved to a hot tub located in the backyard, where a guest slipped on an icy patio, breaking her arm and the elbow. The injury resulted in multiple surgeries and loss of her job. Despite rehab she never regained full use of her arm. Medical payments, lost wages, rehabilitation and damages exceeded \$2 million.

Fortunately, a personal risk assessment conducted by USI had identified this potential financial risk to the client and led to the client securing adequate liability protection. As a result total losses resulting from the injury, include damages

awarded and legal expenses, were fully covered by insurance.

There are several important lessons to learn from this incident. First, before hosting at party at your home, be sure to obtain additional Medical Payments coverage under your homeowners' policy. Also, remove or restrict access to materials in and outside the home that could be a cause of injury. Examples of items to put away include carpets, yard furniture, trampoline, ice coolers and debris on walkways.

## Take Extra Precautions

With the holiday season fast approaching – Thanksgiving, Christmas and New Year's – homeowners need to be aware of the many exposures they face when entertaining guests in their homes. The end-of-year holidays rank among the top six most dangerous times when it comes to liquor-related fatalities, so taking extra precautions is recommended during these periods.

Still, no matter the time of the year, it's important to remember this rule: If you are hosting, be responsible with alcohol and always make sure your home is a safe place for guests.



## The USI ONE Advantage<sup>®</sup>

To analyze our client's personal exposures and challenges our personal risk team leverages USI ONE<sup>®</sup>, a fundamentally different approach to risk management. USI ONE integrates proprietary business analytics with a networked team of local and national experts in a team based consultative process to evaluate the client's personal risk profile and identify targeted solutions to address those risks. Clients then receive tailored recommendations for more efficient investment of premium dollars through customized personal insurance risk management programs that enhance coverage and manage rate control.

### How can we help?

*To learn more about how USI's Personal Risk Team can help with social host and premises liability needs, contact your local USI representative or visit [www.usi.com](http://www.usi.com).*

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