



RESOURCES & INFORMATION

LIQUOR LIABILITY – EXPOSURES AND COVERAGES

A young man, age 19, enters three taverns and consumes alcoholic beverages in all three. Very early the next morning, he is killed in a motor vehicle accident; he is the operator of the motor vehicle. The three taverns are sued, alleging common law negligence for serving a minor. Your tavern is one of the three. **DO YOU HAVE INSURANCE PROTECTION? WILL YOUR INSURANCE COMPANY DEFEND YOU?**

If the answer to the first question is no, the answer to the second question is also no. **NO COVERAGE, NO DEFENSE!** Many providers of liquor liability insurance protection do not provide insurance protection for injuries that occur in Illinois caused by the selling, serving or furnishing of alcoholic beverages and based on common law causes of action.

Many of the insuring agreements of these insurers condition payment on legal obligation imposed upon you under the Liquor Control Act of 1934 (Dram Shop Act). The Liquor Control Act creates a statutory cause of action against the purveyors of alcoholic beverages. An unendorsed liquor liability policy based on this type of policy is endorsed with a “Common Law Liquor Liability Endorsement,” the liquor liability policy may only respond when the injury or damage happens (occurs) outside Illinois. You may still have a gap in coverage.

In our opinion, you need insurance protection for both statutory causes of action where the injury occurs in Illinois as well as common law coverage for injuries that occur in Illinois. While the Supreme Court of Illinois has stated (to date) that the exclusive remedy against a licensee for selling alcoholic beverages rests within the confines of the provisions of the Liquor Control Act, suits based upon other causes of action continue to be filed. You need to insure, at a minimum, the costs of defending such an allegation.

Now is the time to ascertain whether or not you will be provided insurance protection!