

This is the final installment of our 10 part series on buying [restaurant insurance for NC and SC restaurants](#). This installment covers the often overlooked but almost always needed protection for liquor liability. Now if your restaurant doesn't sell any alcohol, then you will not need to purchase this protection. But if you do sell alcohol, then this is a coverage that you can't afford to do without. Skipping this protection could force you to sell your restaurant and lose most of what you have worked for all of your life. Yeah, it's that important.

Liquor liability protects your restaurant against 3rd party claims for those injured by an inebriated person who consumed some or all of their alcohol at your restaurant prior to the loss. The loss most often comes in the form of a car accident. Hold on you say, you would never serve someone who is drunk, or let a drunk leave your bar with his car keys in hand. But the liability issue doesn't work that way. Here's a real world example. One of our clients had a claim several years ago that cost their insurance company over \$750,000 and that was less than 1/3 of the total damages. You see, they had served a customer a couple of drinks with dinner. This customer left their restaurant about 8:30 pm and then visited two bars before finally killing another person in an auto accident around 2 am. This customer was not drunk when he left our client's restaurant, but because they had served him alcohol, our client was dragged into the lawsuit and forced to defend themselves and ultimately forced to share in the damages.

Hopefully now I have your attention and you understand how important it is to have this protection. Now let's talk about buying this coverage. There are two ways liquor liability insurance is sold. One is as a standalone policy and the other is as an add on to your [business owners or package policy](#) for your restaurant. Stand alone policies are generally more expensive and are most often used for true bars and night clubs as opposed to restaurants. If you own a restaurant and your liquor liability is a standalone policy, then this should be an immediate red flag that you need to evaluate your current policy and your insurance agent as you may not be using a true restaurant insurance specialist.

Rates for liquor liability vary widely from one insurance company to the next and also from one program to the next offered by the same company. There are several factors that can drive your liquor liability rate. First of all is the ratio of alcohol sales to food sales. Get this ratio above 30% and you are going to start falling out of the most preferred rate plans. Get above 50% and you may find yourself kicked out of the businessowners add on coverage and be forced to purchase a standalone liquor liability policy. Another factor is the type of alcohol that you sell in your establishment. If you sell only beer and wine and no hard liquor, then you should have a reduced rate. If you are selling no hard liquor at all, then you need to check with

your agent to be sure that he or she knows this and that this is reflected in your rate. Past claims will also play a big part in what rate you pay and whether or not you are able to add this protection to your businessowners policy or if you have to purchase a standalone policy. The last factor that can impact your rate is the type of safety training and safety programs that you are running in your restaurant to help prevent a liquor liability claim from happening.

One last tip that should be mentioned relates to bar and grill and tavern type restaurants. Often these types of restaurants are discriminated against in their liquor liability rate and get classified as night clubs. This is often unfair and you should know that there are a few programs out there that recognize this and have special rates for bar and grill type establishments that don't treat them as night clubs. For more information on the bar and grill liquor liability issue, please read my blog on this topic by [clicking here](#).

At [Clinard Insurance Group, in Winston Salem, NC](#), we specialize in helping restaurant owners with their insurance needs. We understand the importance of using an insurance specialist for your industry and we work hard to fill that need for our clients. Our specialty with restaurant owners is so broad that we can usually help you with every type of policy that you buy for your business and for your family, including your family

[auto insurance](#)

, your

[home insurance](#)

and your

[life insurance and retirement planning](#).

We also understand that not all restaurants have the same insurance needs and as such we have developed 5 different restaurant insurance programs so that you aren't subsidizing add on coverages that you don't need. We have a

[fine dining restaurant insurance program](#)

, a

[casual dining restaurant insurance program](#)

, a

[fast food restaurant insurance program](#)

, a bar

[and grill and tavern insurance program](#)

and a special

[insurance program for catering companies](#)

. If we can help you with your restaurant insurance in either North Carolina or South Carolina, please feel free to call us, toll free, at 877-687-7557 or visit us on the web at

www.TheRestaurantStore.com

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