

# COMMON EXPOSURES

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## Bars, Taverns and Nightclubs

Bars, taverns and nightclubs are often a go-to destination for those looking to socialize, watch a game or simply have a drink after work. However, because of the presence of alcohol, these establishments have an elevated level of risk.

Things like unruly patrons and poor liquor serving practices can lead to potential lawsuits or insurance claims. What's more, exposures for your business extend well beyond property damage or crime concerns, and can even include damaging third-party liability claims should a patron be involved in an incident. The list below provides an overview of these risks and more—helping you identify potential blind spots in your risk management and insurance programs.



Lawsuits related to **liquor liability** are filed each day, and it's increasingly common for victims and their families to file suits against bars, taverns and nightclubs for their role in serving a customer who is then involved in an alcohol-related accident. Making matters worse, all it takes is a single liquor liability claim to put your entire business at risk. Liquor liability exposures for business owners can stem from selling liquor to underage individuals, overserving patrons and noncompliance with applicable legislation.



**Property** exposures in bars, taverns and nightclubs are substantial and can come from many sources, including equipment failures, natural disasters, customers, employees and other third parties. When discussing property exposures, fire and water damage are of particular concern, and businesses face an elevated level of risk due to things like open flames, the wide use of combustible items (e.g., tables, chairs and linens), complex HVAC systems, sewer backups and appliances connected to water lines (e.g., dishwashers).



**Premises liability** exposures can directly affect patron safety, and you could be held responsible when injuries occur at your business. Accidents related to slips, trips, falls and cuts are common and a source of concern. Something as simple as a spilled drink or an uneven surface can lead to an insurance claim. What's more, because alcohol can impair your patrons' motor skills, the likelihood of an incident at a bar, tavern or nightclub is typically higher than it would be for other businesses.



Bars, taverns and nightclubs depend on functioning equipment to serve their customers effectively. In the face of an **equipment breakdown** (e.g., your beer taps clog, a refrigerator leaks or a cooking appliance malfunctions), your business can experience major interruptions or even prolonged closures. What's more, equipment breakdowns can even lead to property damage should an appliance leak or start a fire, compounding the cost for your business.



**Crime** can be a challenge for bar, tavern and nightclub owners, especially because their operations often have a steady amount of cash flowing in and out. To make matters worse, thieves can strike at any time, leaving owners to recoup any lost funds or equipment. In this day and age, thieves (including your employees) do not need direct access to cash to steal from you—merchandise, supplies and securities are all fair game. What's more, the location of a business as well as its hours of operation can have a significant impact on its level of crime risk.



Food safety is an important consideration for bar, tavern and nightclub owners and a primary source of **food and product liability**. The potential for food poisoning, contamination, spoilage and allergic reactions is ever present, making continued customer safety a challenge. In the event that one of your customers becomes ill due to your food or accidentally ingests a foreign object found in one of your menu items, your restaurant could face legal ramifications and suffer irreversible reputational damage.

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For bars, taverns and nightclubs, **assault, battery and similar physical conflicts** are not a question of if, but when. In the event that a fight breaks out at your business, both your patrons and your staff could be physically or emotionally harmed in the scuffle. When this happens, your business could be held liable for the cost of any injuries, which can be substantial depending on the severity of the altercation. What's more, potential incidents aren't limited to bar fights and can include muggings and sexual assaults.

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Any time one of your employees is injured on the job, your business could be subjected to a **workers' compensation** claim. Common sources of on-the-job accidents for bar, tavern and nightclub employees include slips, trips, falls, musculoskeletal injuries caused by repetitive tasks, sprains and strains. Normal, everyday tasks related to stocking liquor, preparing food or cleaning the bar can lead to accidents and, in turn, increased costs for your business.

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## For More Information

While the proper risk management practices can reduce certain exposures, no system is 100 percent effective in ensuring an incident-free workplace. As a result, it's all the more crucial to work with a qualified insurance broker to not only assess your exposures, but secure the appropriate coverage as well. To learn more, contact Propel Insurance today.