

THE ALS GROUP

Managing Risk to Influence Successful Outcomes

Before You Raise a Glass: Managing the Risks of Your Company Holiday Party

Key Takeaways

- A company holiday party is a work event, so the company carries the risk.
- The biggest risks are alcohol, the venue contract and getting everyone home safely.
- Before you book, check three things: host liquor liability, the venue's indemnity clause and every vendor's insurance certificate.

'Tis the season to be jolly… and to read your insurance policy. The question we hear every December: "It's just a party. What could go wrong?" An employee drives home after the open bar. A client slips on the dance floor. A comment at the bar turns into an HR complaint in January. Every one of those lands on the company that threw the party.

1. Alcohol is the biggest risk, so confirm your coverage and let professionals pour

- **Know your policy:** Most commercial general liability ("CGL") policies include host liquor liability for businesses that aren't in the business of serving alcohol. That protection can shrink or disappear if you sell tickets, charge for drinks or work in hospitality. Confirm it. Don't assume it.
- **Use a licensed venue or bartender:** Their staff are trained to cut people off, and much of the serving responsibility moves to them. Social host and "dram shop" laws vary by state, so the host never steps completely out of the picture.

2. The venue contract and vendor certificates decide who pays

- **Read the venue contract:** Indemnification and hold harmless language can quietly shift the venue's liability onto you. A slip on their wet floor can become your claim.
- **Get the certificate before the deposit:** Ask the venue and every vendor for a certificate showing general liability and liquor liability, with your company named as an additional insured for the event date (and the next day if the party runs past midnight). Then check the endorsement, not just the certificate. We read the forms!

3. The ride home is your responsibility too

- Arrange rideshare codes, a shuttle or a discounted hotel block, and tell everyone before the first toast.
- If employees use personal cars to run party errands, confirm you carry hired and non-owned auto liability.

4. A company party is still work

- **Set expectations:** Courts and plaintiffs tend to treat a company party as an extension of the workplace. Send a short code of conduct reminder, serve real food, use drink tickets and close the bar an hour before the party ends.

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- **Check EPLI:** If clients or vendors attend, confirm your employment practices liability ("EPLI") policy includes third-party coverage.
- **Keep attendance voluntary:** A mandatory party can turn an injury into a workers' compensation claim and raise wage-and-hour questions.

How ALS Helps

As your "outsourced" risk manager, we review your CGL, EPLI and auto policies for gaps before the event, read the venue contract's indemnity language, and verify that vendor certificates and endorsements actually say what they should. Because we don't sell insurance, if you don't need a special event policy, we'll tell you.

There you have it: four steps to keep your holiday party the highlight of the year and not the subject of a claim in January.

Frequently Asked Questions

Does general liability insurance cover alcohol at a company holiday party? Often, yes. Many CGL policies include host liquor liability for businesses that don't sell or serve alcohol as part of their operations. Coverage can be limited if you charge for drinks or your business is in hospitality, so confirm the wording and limits before the event.

Do we need a special event insurance policy? Not always. If your CGL includes host liquor liability with adequate limits and your venue carries its own liquor liability, a separate policy may be unnecessary. It makes more sense for large events, high-risk activities, or when the venue contract requires it.

Is a company liable if an employee drives drunk after the holiday party? It can be. Liability depends on state social host and dram shop laws, who served the alcohol, and whether the company knew the employee was impaired. Using a licensed venue and arranging rides home are the two best ways to reduce that exposure.

Does workers' compensation cover injuries at a company holiday party? It depends on the state and on whether the event was truly voluntary. Mandatory attendance, or an event that looks like part of the job, makes coverage more likely. Keeping attendance optional is the simplest way to limit that exposure.

What does an independent risk consultant do that our broker doesn't? A broker places coverage. We review it from your side of the table, including contracts, certificates and endorsements, with no commission riding on what you buy. Many clients bring us in specifically to double-check that their program responds the way they think it will.

If you need more information on any of the topics covered here, or are interested in a Risk Management Assessment ("RMA"), please contact our Managing Principal, Albert Sica, at asica@thealsgroup.com or at 732.395.4251.