

## DON'T LET LIQUOR LIABILITY RUIN A GOOD PARTY!

*If a bartender is legally liable for serving alcohol to a patron who becomes intoxicated and then injures a third party, is the exposure the same for a business if they host a social event where alcohol is served, such as an employee Christmas Party?*



**YES!** Liquor liability exposure is not just limited to those whose primary business is the sale of alcoholic beverages. A 2001 Canadian judgment extended the duty of care to employers who serve alcohol at company functions.

The well-known suit involved an employee of an Ontario real estate company; her blood alcohol level was double the legal limit when she left the firm's Christmas Party in snowy and icy weather conditions to drive to a local pub. On her way home from the pub, she drove into the path of an oncoming vehicle resulting in a collision. The employee suffered a brain injury, upper body injuries, pelvic fracture and cervical fracture; she was unable to work or carry on a normal life.

The Ontario Supreme Court of Justice concluded that the employer should have foreseen that he would be placing the employee in a position of danger if he allowed her to drive home on her own while under the influence of alcohol in bad weather conditions. In addition, he ought to have foreseen by maintaining an open and unsupervised bar, he would be incapable of monitoring the consumption of employees which led her into the danger in question. The judge further concluded that the employer should have taken positive steps to prevent the employee from driving home. It was not enough to make a general offer of a cab ride home to employees. In this case the employee was deemed to be contributorily negligent to the extent of 75 per cent; the employer and the pub were found jointly and severably liable for 25 per cent of \$281,229.99. ➔

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## PROTECT YOUR ORGANIZATION

As the Christmas Season is approaching and many organizations will be hosting staff functions where alcohol is being served, we recommend protecting your organization by purchasing appropriate insurance and implementing a risk management program.

## RISK MANAGEMENT

An important first step in limiting your liquor liability is to implement a risk management program. The liquor liability program must have the support of management, be communicated to supervisors and employees, and include a policy advising employees to drink responsibly at company events.

It's also important to have a program in place that includes the following recommendations when working with third-party vendors:

- When working with a vendor, such as a caterer or bartender service, verify they are licensed and insured.
- Stipulate in your vendor's contract that only those who have received alcohol-awareness training should serve or sell alcohol at your event.
- Require the vendor to provide Certificate of Liability Insurance to include Liquor Liability coverage naming your company as Additional Insured.

## INSURANCE

Purchase a separate host liquor liability event policy to provide insurance protection separate from your corporate general liability program.

Before your company hosts its next event, contact us. We can arrange appropriate insurance coverage and assist in developing a risk management plan that keeps safety at the center of your company-sponsored events.

## *Promoting safety and sobriety at company-sponsored events*

- ◆ Have a bartender serve drinks to guests rather than offer a self-serve bar.
- ◆ Set up bar stations instead of having servers circulating the room; if being served, people are inclined to accept drinks they don't really need.
- ◆ Place table tents at each bar reminding employees and guests to drink responsibly.
- ◆ Don't price alcohol too low, it encourages over consumption.
- ◆ Offer a range of low-alcohol and alcohol-free drinks at no charge.
- ◆ Require servers to measure spirits.
- ◆ Always serve food with alcohol.
- ◆ Close the bar an hour before the scheduled end of the party.
- ◆ Do not offer a "last call" as this promotes rapid consumption.
- ◆ Entice guests to take advantage of safe transportation options by providing taxis or promoting a designated driver program.

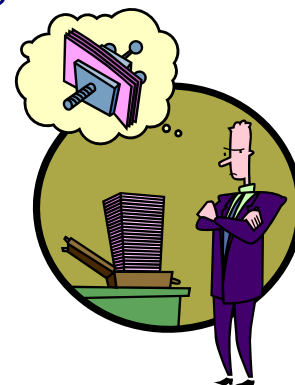
## *Please celebrate responsibly this holiday season!*



# COC Applications: Basic Information Requirements and Hot Topics for 2010

*So you're filling out yet another application form for insurance on a project and you just want to get it done so you can get a rate and move on to your next task for the day. Is the application really that important?*

*What is the underwriter looking for? ??*



## The Basics:

Following is a summary of the basic information that every underwriter wants and needs to know in order to determine their appetite, capacity and rates for a project.

- Understanding the size and scope of the project – total project value, square footage, number of stories, nature of underground work and site work.
- Construction Details – building materials being used for foundation, framework, exterior walls and roof.
- Location Details - type of area the building is being constructed in (residential, commercial, industrial, remote or isolated).
- Public Fire Protection Details - distance to fire hall, details regarding the responding fire hall (is it paid or volunteer, what type of equipment do they have, what is the average response time), number and location of operational hydrants.
- Geotechnical Report - including confirmation that recommendations are being complied with or if they are not being complied with, the reasons for not doing so.
- Site Plan - require breakdown of values for each building being constructed, distance between buildings under construction and distance to adjacent completed structures.

## 2010 Hot Topics:

### Financial Details – how is the project being funded and is it financially viable

Projects that are stalled due to funding issues are of concern to insurers as they may find themselves covering the project at high exposed values for a period longer than anticipated when rates were agreed to. In addition, periods of inactivity at the construction site create opportunities for vandalism. Speculative risks pose potential moral hazards that insurers are wary of.

### Contractor's Experience

In these economic times, we find some contractors are taking on projects of size and scope where they do not have previous experience or expertise. In these situations, it becomes important to demonstrate steps you have taken to ensure the project will be successful and run smoothly (for example, have hired project managers and other key employees with experience in these projects).

### Project Site Security

What steps are you taking to secure the site? Type and height of fencing, lighting, signage, site lockup at end of construction day, video surveillance or watchman security.

### Construction Schedule

Reviewing the construction schedule enables the underwriter to adjust the rate to account for longer or shorter periods of time at higher exposed values. For example, if there is a substantial amount of time spent on site-work, then the rate may be able to be reduced to reflect the lower exposure during that period.

### Arrangements Regarding Turn Over

COC Policies are not intended to insure completed buildings. When substantial completion has been obtained, the building should be turned over to the owner at which time they are responsible for insuring the completed structure and the COC policy can be lapsed.

***It is worth investing your time in fully completing the COC Application and providing as much additional information as possible. Where there are gaps in information or uncertainty, most will assume worst case scenario resulting in higher rates. Underwriters will provide the best possible rates when they are comfortable with the information provided, they understand the project, and are confident in the contractors' experience, standard operating procedures and risk management.***

## Driver Selection and Monitoring

Since the quality of your drivers affects the entire fleet operation, the safety of others on the road, and your company's good reputation, it is imperative that a company establishes a driver selection program to hire the best, most qualified drivers.

The following guidelines are designed to help you to devise a hiring process to yield the most positive results.

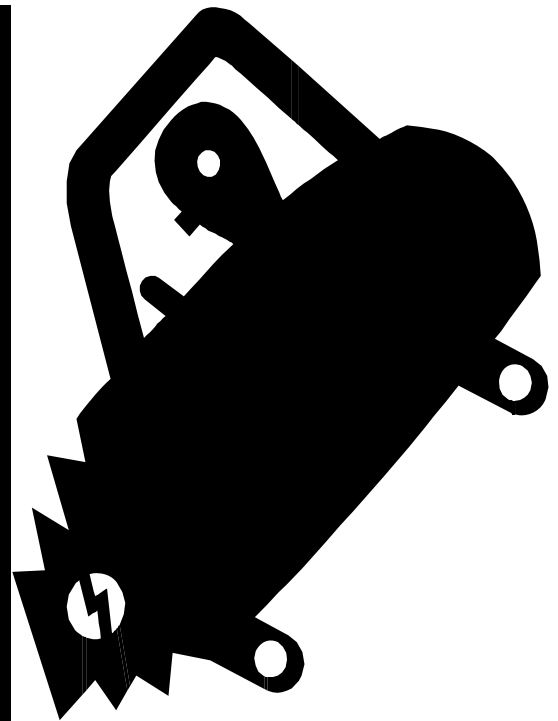
Yes	No	N/A	Before the Hiring Process Begins
			Establish realistic driver qualifications and criteria that each driver must possess.
			Outline a written job description including the essential job functions of the position, experience and level of skills needed.
			Describe requirements necessary for the position such as education level, past training, driving experience and skill level.
			Determine the abilities that the driver must possess, such as: avoiding accidents, following traffic rules, vehicle care, positive attitude and adapting to new situations.
			Determine which, if any, violations drivers have had in the past that will not be accepted by your company (Example: driving under the influence of drugs and/or alcohol, hit and run, reckless driving, careless driving, failure to obey traffic laws and speeding).

Yes	No	N/A	Driver Selection Process
			Recruit well-qualified applicants by highlighting minimum requirements in advertisements. Also look internally to upgrade present employees, take referrals and industry contacts.
			Once candidates have been recruited, have them fill out job applications to obtain: three years minimum employment history, contact name and telephone numbers for previous employment verifications and reference checks, previous accidents and driving convictions for preceding five years.
			Check the validity of the candidates' drivers' licenses to make sure they are valid, current and the correct type for the position. Photocopy this information for their personal file.
			Conduct face-to-face interviews with potential employees. Inquire about gaps in employment and fleet safety awards earned with respect to the amount of time the candidates have worked in their positions. Inquire about accidents and violations within the last five years and compare this information to their motor vehicle records (MVR) once they are attained.
			Contact potential employees' references, specifically the candidates' former supervisors. Check dates of employment, reasons for leaving, job duties, types of vehicles driven and job performances. Obtain written consent from the candidates before contacting their references.
			Obtain a current MVR from the province in which the candidates hold a license. The MVR must be no older than 30 days, original to be provided (not photocopy) and must qualify as defined under hiring criteria.
			Administer road tests to candidates to determine candidates' skills and proficiencies. Determine a route ahead of time that simulates the conditions drivers would find on the job. Use a checklist to guide the road test, specifically highlighting the maneuvers you would like to test.

Yes	No	N/A	Once Drivers Are Hired
			Driver Qualification Files are to be maintained for each person that operates a motor vehicle.
			Annual review to include renewal or updating: drivers license, annual driving abstract, training certificates.
			Ongoing Training on the topics of vehicle inspection, vehicle operation, auxiliary equipment. All employees must participate in training programs as required by the company.
			Mandatory Retraining if employee no longer meets acceptable driver criteria due to abstract demerits, preventable accidents, etc.

## Alberta Traffic Collision Statistics 2008

- ◆ Highest number of injury collisions occurred in December.
- ◆ Friday was the most collision-prone day of the week.
- ◆ The most collision-prone period of time was the afternoon rush-hour
- ◆ Following too close, running off the road and left turn across path were the most frequently identified improper actions contributing to casualty collisions.



TRANSPORTATION  
RISK MANAGEMENT SERVICES

### *Thinking Driver*

*"it's all about attitude!"*



The Thinking Driver course is unique from any other type of safe driving course. It is a 4 hour course with a strong focus on driving attitudes and how these can affect our driving habits. Thinking Driver is interactive; drivers discuss driving challenges and solutions.

#### **THE 5 FUNDAMENTALS**

- 1. Think and Look Ahead**
- 2. Anticipate Hazards**
- 3. Keep Your Options Open**
- 4. Manage the Risk**
- 5. Control with Finesse**

Brian Lowes, Lloyd Sadd's Fleet Loss Control Specialist, is qualified to instruct this course. Contact your service team if you would like additional information or if your organization is interested in providing this course to Fleet Supervisors, Managers and Employees.

## Bonding Quick Hit

### **“Bonding is Assurance, Not Insurance”**

A surety bond is very different from an insurance policy as the surety company assumes a much higher level of risk.

Insurance is based on creating a pool of money by collecting premiums from a broad range of clients on a regular basis. The insurance company projects losses for the year and includes them in their rate and premium calculations. If the insurance company forecasts correctly, the premiums cover the losses and leave a profit for the insurance company.

A surety bond is more comparable to co-signing a loan. A surety company has to back their bonds with their own resources, providing an extension of their credit with the assumption there will not be a loss. If there is a loss because the contractor fails to meet the terms of an agreement, the surety company must use its own funds to complete the project.

The bond premium is primarily intended to cover the underwriting expenses of the surety company. Needless to say, the surety companies must have a high level of confidence in every contractor they choose to bond.



### Lloyd Sadd Construction Risk Services is pleased to welcome **TERENCE HOGAN**

Terence brings with him over 12 years of experience in the insurance and risk management field. In his role as an Account Executive, he will gain a thorough understanding of our clients' businesses and create unique and custom solutions for the challenges and opportunities faced by our contractors.

Please join us in welcoming him to the team!

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