

OREGON LIQUOR CONTROL COMMISSION
CHAPTER 845
PROPOSED AMENDMENTS

Note: **Bold and underlined** = new text; *italics and strikethrough* = deleted text

845-005-0400

Liquor Liability Insurance or Bond Requirement

~~(1) ORS 471.313(4)(i) requires applicants for a liquor license to demonstrate financial responsibility sufficient to adequately meet the requirements of the business proposed to be licensed. ORS 471.313(2) requires applicants listed in 471.168 to maintain liquor liability insurance or bond. In addition to other requirements, the Commission has determined that licensees listed in 471.168 must demonstrate financial responsibility for licensees' liability for damages to third parties caused by patrons off the licensed premises by meeting the requirements in section (1)(a) or (b) of this rule. ORS 471.168 requires certain licensees to provide coverage for injuries suffered because of the conduct of visibly intoxicated persons who were served in licensed premises by:~~

~~(a) Maintaining liquor liability insurance of not less than \$300,000; or~~

~~(b) Maintaining a bond with a corporate surety authorized to transact business in this state in the amount of not less than \$300,000.~~

~~(2) The requirement applies to the covered licenses issued or renewed on or after March 15, 1998.~~

~~(3) ORS 471.168 also requires licensees subject to the requirement to supply proof of compliance at the time the license is issued or renewed. For insurance, licensees must provide proof by naming the Commission as Certificate Holder on the policy and giving the Commission a copy of the certificate. For a bond, proof may be satisfied by identifying the name of the surety and providing the bond identification number.~~

~~(4) Failure to maintain insurance or a bond as required is a Category I violation and the Commission may cancel the license.~~

Certain licensees are required to maintain liquor liability insurance or a bond that provides coverage for personal injuries caused by intoxicated persons served alcoholic beverages on the licensed premises while visibly intoxicated. Failure to maintain the required liquor liability insurance or bond constitutes a serious threat to public health and safety. This rule explains the liquor liability insurance or bond requirement.

- (1) **Requirement. The Commission will refuse to license any applicant, and may cancel or suspend the license of any licensee, that is subject to the requirements of this rule and fails to:**
- a. **Maintain liquor liability insurance of not less than \$300,000; or**
 - b. **Maintain a bond with a corporate surety authorized to transact business in this state in the amount of not less than \$300,000.**
- (2) **Applicability. This rule applies to the following license types:**
- a. **Full on-premises sales license;**
 - b. **Limited on-premises sales license;**
 - c. **Brewery-public house license;**
 - d. **Temporary sales license, special events winery license, special events grower sales privilege license, special events brewery-public house license, and special events distillery licenses but only if the licensed event is open to the public and expected to attract more than 300 visitors per day; and**
 - e. **Winery license, brewery license and grower sales privilege license unless the applicant or licensee submits an affidavit stating that it will not allow the consumption of alcoholic beverages on the licensed premises.**
- (3) **Proof of Compliance. An applicant or licensee subject to this rule must provide the Commission with written proof of compliance before a license will be issued or renewed, and no more than ten calendar days after the Commission mails the licensee a written request for proof of compliance.**
- a. **To provide proof of liquor liability insurance, the applicant or licensee must designate the Commission as the certificate holder and provide the Commission with a current copy of the certificate of insurance.**
 - b. **To provide proof of a surety bond, the applicant or licensee must identify the corporate surety and provide the Commission with a valid bond identification number.**
- (4) **Immediate Suspension. If a licensee fails to provide timely proof of compliance, the Commission may immediately suspend the license or refuse to renew the license, or immediately suspend and refuse to renew the license without prior hearing.**

(5) Sanctions. Failure to maintain the required liquor liability insurance or bond after the license has been issued or renewed will result in the following sanctions:

- a. **A lapse in coverage of no more than 30 days will result in a warning. However, the second lapse in coverage of this duration within a two-year period is a Category IV violation;**
- b. **A lapse in coverage of 31 days to no more than 60 days is a Category III violation;**
- c. **A lapse in coverage of 61 days to no more than 90 days is a Category II violation; and**
- d. **A lapse in coverage of 91 days or more is a Category I violation.**

(6) Seasonal or Temporary Closures. Licensees may elect not to maintain liquor liability insurance or bond coverage during periods of seasonal or temporary closure, but only if all of the following conditions are met:

- a. **The licensed premises will be closed for at least 90 days;**
- b. **Licensee provides the Commission with prior written notice of the closure; and**
- c. **Licensee will not allow the sale, service or consumption of alcoholic beverages on the licensed premises at any time during the closure.**

Stat. Auth.: **ORS 183.430 & ORS 471, including ORS 471.030, 471.040, 471.168, 471.313, 471.315, 471.730(1) & (5)**

Stats. Implemented: ORS **471.168(5), 471.313(2), 471.315(1)(a)(C) 471.313(4)(i) & 471.168**