



Liquor Liability Insurance

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The Vermont Chamber of Commerce represents businesses of all sizes, from every industry, across every region of Vermont. We understand what it takes to help businesses grow and thrive to build strong and vibrant communities, and businesses have trusted us to center stewardship in our mission of advancing the Vermont economy. Vermont Independent Restaurants (VTIR) is a working partner of the Vermont Chamber charged with preserving and advancing Vermont's restaurant and bar industry. We appreciate the opportunity to weigh in on the liquor liability solution proposed in H.288.

We've reached a critical point where legislative action is needed to correct this issue. The Vermont Chamber and VTIR first began work on this issue in the summer of 2021 to gain a better understanding of the high costs associated with obtaining liquor liability insurance for high liquor-to-food ratio operators in Vermont. The issue has accelerated dramatically; costs have continued to increase, some operators are being informed that carriers will no longer write policies in Vermont in the next year, and some operators simply cannot secure a carrier to write a policy to cover their business.

How did we get to this critical point? Vermont is an outlier. In fact, Vermont and Alabama rank as the two worst states for a business to obtain liquor liability insurance. Dram shop laws in most jurisdictions establish liability on negligence. Vermont establishes liability on a strict liability basis. Additionally, there is a chain of liability that includes the server, owner, and landlord. Including the landlord is particularly problematic and not common practice.

With an understanding that we are at a point of inflection for an entire industry, we respectfully ask that the committee amend statute as proposed in H.288. More specifically:

- Updating Vermont's dram shop laws to be in-line with neighboring control states such as Maine which contains two concepts of liability, one for the negligent service of alcoholic beverages and the other for the reckless service of alcohol.
- Removing the landlord from the chain of liability

We are supportive of H.288 and appreciate the dialogue and sense of urgency relating to this issue. Updates to Vermont's dram shop laws will ensure that an entire industry in Vermont does not become uninsurable while maintaining public safety guardrails put in place with clear guidelines for civil liquor licensee liability.