ALABAMA ALCOHOLIC BEVERAGE CONTROL BOARD
ADMINISTRATIVE CODE

CHAPTER 20-X-5
LICENSING

20-X-5-.14 Requirements Of Financial Responsibility By Licensees.

(1) All retail licensees of the ABC Board shall maintain, at all times, liquor liability (dram shop) insurance described below and shall comply with the following conditions of requirements of financial responsibility.

(a) Prior to the issuance or renewal of any retail alcoholic beverage license, each applicant must provide the ABC Board with sufficient information that it has liquor liability (dram shop) insurance coverage in the amount of at least one hundred thousand dollars ($100,000.00) per occurrence, exclusive of, and separate from, any attorney fees or other costs incurred in the defense of any claim asserted against the insured.

(b) Retail alcohol beverage licensees may also provide coverage through joining a Group Captive, or Captive Insurance Program, that has been approved by the Alabama Department of Insurance. Coverage shall be in the amount of at least one hundred thousand dollars ($100,000.00) per occurrence, exclusive of, and separate from, any attorney fees or other costs incurred in the defense of any claim asserted against the insured.

(c) This information may be provided as follows:

1. A certificate of liquor liability insurance from a reputable insurance company showing that the applicant has liquor liability (dram shop) insurance of at least one hundred thousand dollars ($100,000.00) for each occurrence, that the certificate is for liability coverage only exclusive of, and separate from, any attorney fees or other costs incurred in the defense of any claim asserted against the insured and that coverage is valid for the license year for which the application is being submitted; or

2. Other method as may be required by the ABC Board.

(d) A certificate of liquor liability insurance also will show that the insurer will advise the Alabama ABC Board immediately in the event the policy is cancelled before the expiration date thereof.

(2) It shall be unlawful to represent to the ABC Board or to any other person that current insurance coverage exists when the policy has been cancelled or otherwise is not in force for any reason.

(a) A copy of a certificate of liquor liability insurance showing the current coverage shall be retained on the licensed premises and readily available for inspection by personnel of the Board or law enforcement officers.

(b) The Board may verify the liquor liability insurance coverage of any licensee at any time.

(3) No application for a new retail license shall be approved unless the application shows affirmatively that the requirements contained herein are met. All online renewal applications shall meet all insurance requirements. All information on the renewal application must be accurate and include a copy of the licensee's current liquor liability insurance certificate. Failure to comply with the requirements contained herein shall be cause for suspension or revocation of the license.

(4) A retail licensee shall notify the ABC Board immediately at any time that its liquor liability insurance is canceled.

(5) In the event of cancellation, termination or other invalidation of its liquor liability insurance, the licensee must comply with the requirement of this financial responsibility regulation within fifteen (15) days from the date of the cancellation, termination or other invalidation. After the fifteenth day, if the licensee has not complied, the subject license shall be suspended immediately. Any license which has been suspended for failure to abide by this regulation shall not be reinstated until compliance with section (1) is met.

(6) A licensee may be cited administratively for violation of this regulation if proper insurance coverage if not maintained throughout the license year.

(7) This regulation shall not apply to licensees exempted by Title 28-3A-1.5 Code of Ala. 1975.

Author: ABC Board
Statutory Authority: Code of Ala. 1975, §§28-3-2; 28-3-49.
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