



**House  
Legislative  
Analysis  
Section**

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**DRAMSHOP LIABILITY: CLARIFY  
INSURANCE**

**House Bill 6188**

**Sponsor: Rep. Andrew Richner**

**Committee: Insurance and Financial  
Services**

**Complete to 11-4-02**

**A SUMMARY OF HOUSE BILL 6188 AS INTRODUCED 6-13-02**

It is prohibited under the Michigan Liquor Control Code for a liquor licensee to sell alcoholic beverages to a minor or to a visibly intoxicated person. Violators are subject to administrative fines and sanctions, including license revocation. If a violation results in a person suffering damages or being injured or killed by the minor or intoxicated individual, the person or his or her estate can bring a civil action against the licensee to recover actual damages. For that reason, before a liquor license is granted or renewed, an applicant or licensee is required to make, execute, and deliver a surety bond to the Liquor Control Commission in an amount specified in the code.

Currently, the insurance policy (the surety bond) must cover the liability described above and must specify that “no condition, provision, stipulation or limitation contained in the policy, or any other endorsement . . .”, can relieve the insurer from liability (within statutory limits provided by other provisions of the code) for the payment of any claim for which the licensee may be held legally liable (that is, violating the prohibition on selling or furnishing alcohol to a minor or visibly intoxicated person). The bill would amend the code to establish an exception to this requirement in cases in which the insurer can demonstrate prejudice from the licensee’s breach of the policy, condition, provision, stipulation, or limitation contained in the surety bond. The bill would apply only to policies issued or renewed on or after January 1, 2003.

(Note: The code provides that all defenses available to the visibly intoxicated person or the minor shall also be available to the licensee. Also, proof that the licensee or his or her employees demanded to see and were shown a Michigan driver license or state ID card that appeared to be valid and showed the person to be at least 21 is a defense to the action. Further, the code prohibits the visibly intoxicated person from pursuing a cause of action. And, the code prohibits a cause of action for the loss of financial support, services, gifts, parental training, guidance, love, society, or companionship of the visibly intoxicated person.)

MCL 436.811

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