

**Note:** This communication provides general information about human resources and employment practices issues. It is not a legal opinion or legal advice. Readers should confer with appropriate legal counsel for their particular situations.

## COMPANY SPONSORED HOLIDAY PARTIES

### Balancing Good Cheer and Risk

Holiday parties are a great time to celebrate successes, reward performance, and boost morale. However, good cheer and celebration can result in potential problems for employers when alcohol is served at company sponsored events. More specifically, there is a growing trend to sue employers for damages caused by intoxicated employees even when the intoxication may not be directly related to any business activity. And although the bases of liability vary, actions against employers have been permitted under social host liability theories, workers' compensation, and Title VII, among other theories. The rationale: employers should be required to exercise reasonable care to prevent injuries and damages caused by and to intoxicated employees.

How do you draw the line between good cheer and risk? By taking some simple precautions to reduce your company's exposure. As you plan your holiday party (or other company sponsored events), consider implementing one or more of the following measures:

- Review and post the company's policy regarding alcohol consumption in work related situations and office social activities. Also state that policies regarding harassment and discrimination apply to social functions and parties.
- Limit alcohol consumption. Provide a limited number of drink coupons to employees. Hire professional bartenders or caterers to serve alcohol and instruct them not to serve alcohol to anyone who is visibly intoxicated.
- Limit alcohol service. Stop serving alcohol an hour or two before the party is scheduled to end.
- Offer alternative choices to alcohol including food, water, and other non-alcoholic beverages.
- Shift the focus. Shift the focus from the bar by providing live entertainment and other activities.
- Plan an off-premises event. Hold the event at a restaurant or club where there is a liquor license in place. This reduces the implication that work is being conducted before, during or after the event.
- Do not require employees to attend events; make sure that employees know that attendance is voluntary.
- Provide transportation - taxi vouchers, voluntary designated drivers - to employees who may have consumed too much alcohol.
- Review the company's liability insurance coverage and obtain special events coverage if necessary.
- Omit alcohol. Consider hosting a "dry" event. This draws a clear distinction between company sponsored events and any consumption of alcohol and may be the only way to eliminate the company's exposure to liability.

### **BottomLine**

If you choose to serve alcohol at company sponsored events, you may be held accountable for the actions of intoxicated employees. The potential costs are high: serious injuries, bad press and other legal problems. But managing the risk doesn't require putting a damper on a festive event. You can reduce your company's exposure by taking precautions that will establish the exercise of reasonable care. That way, you can provide an enjoyable and safe event for employees, guests, and other persons.

*If you would like more information about this or other human resources and employment practices issues, please contact Praxis HR via email at [info@praxis.com](mailto:info@praxis.com) by phone at 206.262.8133 or visit our website at [www.praxishr.com](http://www.praxishr.com).*