

Why you can't close your business to avoid a liquor claim...

Many business owners believe they do not need to purchase insurance, particularly liquor liability insurance. They are under the impression that if served with a claim, they can simply close their establishment, reopen under another name and avoid liability.

THERE ARE SEVERAL REASONS AS TO WHY THIS COURSE OF ACTION IS NOT IN THE BEST INTEREST OF A BUSINESS.

- ▶ It is illegal and could be deemed a violation of the Uniform Fraudulent Transfers Act to avoid judgment by transferring assets from one corporate name to another. Most bars and restaurants have corporate assets of product, stock, a lease and a business loan that cannot be transferred without consequences.
- ▶ To avoid a violation of the Uniform Fraudulent Transfers Act, a business would have to close entirely, move locations and start over. There are many expenses associated with starting over:
 - The new location will need to be built-out to specific accommodations
 - The owners will have to recreate brand awareness and build a reputation for the new name at the new location
 - It can be difficult to obtain a loan for a new business after having recently closed a business venture
 - Previous assets would remain in the old business
- ▶ This strategy does not work with businesses prone to severity claims. An attorney prosecuting a liquor liability claim involving severe injury and possibly death will easily add a claim for violation of the Uniform Fraudulent Transfers Act to its suit. They will not drop a claim with a high dollar value simply because the business opened under a new corporate name.



Avoiding liability by closing and reopening a business under a different corporate name can be illegal, risky, difficult and expensive.

PURCHASE A LIQUOR LIABILITY POLICY TODAY TO PROVIDE STABILITY TO YOUR BUSINESS:

- ▶ Protect your name, reputation, balance sheet and assets by transferring the risk of a severe liquor claim to a financially stable insurance company.
- ▶ Insurance is a known annual expense compared to the unknown financial impact of defense costs, court verdicts and the cost of closing and reopening a business.
- ▶ Let insurance claims experts manage the lengthy litigation process of a liquor liability claim so you can spend your time managing your business.

WHY CHOOSE TO BE INSURED WITH UNITED STATES LIABILITY INSURANCE GROUP?

- ▶ We have over 25 years of experience in underwriting Liquor Liability insurance and a dedicated claims team with special expertise in handling liquor liability claims.
- ▶ We are one of only 20 A++ rated insurance groups in the U.S. by A.M. Best.

This information is not intended to be nor should it be used as legal advice. Consult an attorney if you have questions regarding your legal rights and obligations as a purveyor of alcoholic beverages.