**South Carolina General Assembly**

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**H. 4087**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. Martin and Pope

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Currently residing in the House Committee on **Judiciary**

Summary: Liquor Liability

**HISTORY OF LEGISLATIVE ACTIONS**

 Date Body Action Description with journal page number

 2/25/2025 House Introduced and read first time (House Journal‑page 22)

 2/25/2025 House Referred to Committee on **Judiciary** (House Journal‑page 22)

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**VERSIONS OF THIS BILL**

[02/25/2025](https://www.scstatehouse.gov/sess126_2025-2026/prever/4087_20250225.docx)

A bill

TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 38‑1‑20, RELATING TO DEFINITIONS, SO AS TO AMEND THE DEFINITION OF “EXEMPT COMMERCIAL POLICIES”; AND BY ADDING CHAPTER 105 TO TITLE 38 SO AS TO REQUIRE INSURERS OFFERING LIQUOR LIABILITY INSURANCE TO ESTABLISH RISK‑BASED PRICING, TO ESTABLISH A LIQUOR LIABILITY INSURANCE FUND, AND TO REQUIRE ANNUAL REPORTING TO THE DEPARTMENT OF INSURANCE, AMONG OTHER THINGS.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 38‑1‑20(22) of the S.C. Code is amended to read:

 (22) “Exempt commercial policies” means policies for commercial insureds as may be provided for in regulation issued by the director. Exempt commercial policies include all property and casualty coverages except for insurance related to credit transactions written through financial institutions. Exempt commercial policies do not include liquor liability policies or general liability insurance policies with a liquor liability endorsement that are required to be maintained by a person licensed or permitted to sell alcoholic beverages for on‑premises consumption pursuant to Sections 61‑2‑245 or 61‑4‑1515(10).

SECTION 2. Title 38 of the S.C. Code is amended by adding:

CHAPTER 105

Liquor Liability Insurance

 Section 38‑105‑10. Any insurer providing liquor liability insurance coverage in South Carolina as defined in Section 61‑2‑145 must establish a risk‑based pricing model incorporating the following factors:

 (A) claims history related to alcohol‑related incidents, including prior dram shop claims, which must account for no less than forty percent of the premium calculation;

 (B) implementation of state‑approved responsible alcohol service training programs including, but not limited to, ServSafe Alcohol or Training for Intervention Procedures (TIPS), which must account for no less than twenty‑five percent of the premium calculation;

 (C) use of preventative technology such as ID scanners and intoxication monitoring tools, to prevent underage drinking and over service, which must account for no less than twenty percent of the premium calculation; and

 (D) adoption of safety protocols, such as employee intervention policies and transportation assistance programs, which must account for no less than fifteen percent of the premium calculation.

 Section 38‑105‑20. Establishments with no alcohol‑related claims exceeding twenty‑five thousand dollars in the prior three years and verifiable compliance with responsible service training, preventative technology, and intervention policies must receive a minimum fifteen percent reduction based on the insurer’s standard base rate for similar establishments, as determined by the South Carolina Department of Insurance. The base rate must be calculated using a three‑year rolling average of industry standard pricing data, adjusted for risk exposure, at the discretion of the South Carolina Department of Insurance.

 Section 38‑105‑30. Establishments with three or more alcohol‑related claims exceeding twenty‑five thousand dollars each within a five‑year period may be classified as high‑risk and subject to increased premiums or coverage restrictions.

 Section 38‑105‑40. (A) A state‑administered Liquor Liability Insurance Fund is established to provide coverage options for high‑risk establishments unable to secure affordable private insurance due to excessive claims or increased liability exposure.

 (B) Funding for this program shall be provided through:

 (1) a surcharge on liquor liability insurance policies, not to exceed two percent of premiums;

 (2) a portion of alcohol licensing fees collected by the State; and

 (3) contributions from private insurers participating in risk‑sharing agreements.

 (C) To qualify for coverage under the state‑administered fund, an establishment must:

 (1) demonstrate implementation of corrective action plans to reduce alcohol‑related risks;

 (2) participate in ongoing compliance monitoring programs;

 (3) undergo annual safety audits conducted by the South Carolina Department of Revenue’s Alcohol Regulation Division; and

 (4) contribute to a victim compensation fund in the event of a claim paid by the state insurance pool.

 (D) A portion of premiums collected through the state‑backed fund must be allocated to a victim compensation fund to ensure timely payment for victims of alcohol‑related incidents when an at‑fault establishment has insufficient coverage.

 Section 38‑105‑50. Insurers providing liquor liability policies in South Carolina must disclose their rate‑setting criteria, including:

 (A) the weight assigned to claims history, training compliance, and risk mitigation efforts in premium calculations;

 (B) available premium reductions for establishments implementing responsible serving practices; and

 (C) surcharges imposed on high‑risk businesses and the justification for such surcharges.

 Section 38‑105‑60. (A) On an annual basis, all insurers providing liquor liability insurance in South Carolina must submit a detailed report to the South Carolina Department of Insurance, which must include:

 (1) a breakdown of premium calculations for consumers in South Carolina, including all risk factors considered;

 (2) a detailed explanation of premium increases or decreases for any individual policyholders; and

 (3) a summary of claims paid and any adjustments made due to risk‑based factors.

 (B) The South Carolina Department of Insurance has full oversight of insurance companies doing business in South Carolina and may investigate any rate‑setting practices deemed unfair, discriminatory, or inconsistent with actuarial data.

 Section 38‑105‑70. Any increase in insurance premiums exceeding twenty percent year‑over‑year must be reviewed and approved by the South Carolina Department of Insurance. The department has the authority to deny or adjust an increase if the insurer cannot demonstrate actuarial necessity based on documented increases in claims exposure.

 Section 38‑105‑80. The South Carolina Department of Insurance must publish an annual report summarizing liquor liability insurance rate trends, including the number of premium increases exceeding twenty percent, the reasons cited, and any regulatory actions taken.

 Section 38‑105‑90. (A) Any insurance provider that enters the South Carolina liquor liability insurance market and maintains a minimum of five hundred active policies annually for three consecutive years qualifies for a corporate tax credit equal to five percent of net premium income derived from liquor liability coverage in the State.

 (B) Insurers writing one thousand or more liquor liability policies in South Carolina qualify for an additional corporate tax reduction of three percent, applicable for a period of five years following market entry.

 (C) The South Carolina Department of Revenue must administer and verify eligibility for these tax incentives annually.

 Section 38‑105‑100. (A) The South Carolina Department of Insurance must establish an expedited application process for insurers entering the South Carolina liquor liability market.

 (B) Any insurer applying to provide liquor liability coverage in South Carolina must receive priority review and approval within ninety days, provided they meet all actuarial soundness and financial stability requirements.

 (C) The Department of Insurance must create a fast‑track rate filing system for out‑of‑state insurers, allowing them to use approved filings from other states as a baseline for South Carolina rate approvals.

 (4) The Department of Insurance must review and streamline any duplicative or unnecessary regulatory requirements that may deter new insurers from entering the market.

SECTION 3. This act takes effect upon approval by the Governor.

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