



A SUMMARY OF THE TORT REFORM & LIQUOR LIABILITY LAW PASSED BY THE SC GENERAL ASSEMBLY IN 2025 – [H.3430](#)

EXECUTIVE SUMMARY:

What We Like About the Bill

- Fairer Legal Standard: Businesses are only liable if they knowingly served an intoxicated person.
- Shared Responsibility: Drunk drivers will always be on the verdict form, making dram shop cases defensible.
- Lower Liability: Dram shop exposure is effectively cut in half.
- Reduced Insurance Burden: Required coverage limits will decrease.
- Stronger Insurance Market: Reforms may attract more insurers and improve affordability.
- Better Data: Policymakers will have improved access to insurance market information from the Department of Insurance.

What could have been done better: the law includes a helpful provision limiting the most extreme parts of common law liability and giving businesses immunity from dram shop claims filed by minors if a forensic ID scanner was used. However, there's a concern that the server training language about servers being impaired could open the door to new types of lawsuits, depending on how the courts interpret it.

What is still to be done: pursuing meaningful insurance reform given the hard market that has persisted for several years, based on inflation and the losses that reinsurers are facing nationwide on catastrophic exposures, and that is expected to persist.

THE DETAILS:

(1) Non-Parties on the Verdict Form – A Major Win for the Hospitality Industry

Beginning with claims filed on or after January 1, 2026, alcohol licensees will have stronger legal footing in dram shop cases thanks to a key procedural change: non-party tortfeasors (like drunk drivers or other bars that settled early) can now be added to the verdict form, allowing juries to assign fault more fairly.

What This Means:

- **Smith v. Tiffany Overturned:** This old rule made it hard to add other responsible parties to the verdict form – now reversed for most cases.
- **Drunk Drivers Always on the Form:** Dram shop defendants can always list the drunk driver, even if their actions were reckless – something other industries can't do.
- **Other Bars or Licensees Who Settled? Add Them Too:** If another licensee settled before trial, they can still be listed and assigned fault.
- **Juries Can Share the Blame:** No more being the only party a jury can blame. Now, liability can be divided more fairly among all involved.
- **Limitations Still Apply:** Some parties can't be added, like those protected by law or who acted intentionally or with extreme recklessness.

Bottom Line: This change gives the hospitality industry a stronger defense strategy. With drunk drivers and other responsible parties now on the form, it's far easier to argue for reduced or shared liability, potentially leading to more favorable outcomes at trial.

(2) Reduced Liability for Businesses, with a Trade-Off

What This Means:

- Removes “gross negligence” and “alcohol-related conduct” from joint and several liability law.
- Businesses can no longer be held 100% liable for serving an intoxicated person.
- Significantly reduces liability risk for the hospitality industry.
- Dram shop cases are still treated separately.
- Businesses can now list the drunk driver on the verdict form.
- The trade-off: you must pay at least 50% of actual damages if found liable – even if the driver is mostly at fault.

Bottom Line: This law reduces overall risk for businesses but imposes a fixed 50% liability in dram shop cases, which can feel unfair in extreme situations. Still, gaining the ability to include the drunk driver on the verdict form is a valuable legal protection.

(3) Minimum Liquor Liability Coverage – Increased Flexibility, Better Access

The bill updates S.C. Code § 61-2-145 to lower the mandatory minimum coverage for liquor liability insurance, offering a more realistic option for hospitality businesses that are struggling to find or afford coverage.

What This Means:

- **New Minimum Requirements:**
 - \$300,000 aggregate minimum
 - At least 50% of that amount must be available per claim
- **Built-In Discounts Lower the Aggregate:**
 - \$250,000 if alcohol service ends by midnight
 - \$100,000 for using a forensic digital ID scanner after midnight

- \$100,000 if all employees are trained
- \$100,000 if alcohol makes up less than 40% of total sales
- Charity Events: Eligible for a flat \$500,000 aggregate coverage

Bottom Line: While carrying \$1 million or more in coverage is still advisable for businesses with significant assets, these lower thresholds could help more businesses access insurance, especially if new, affordable policies enter the market. This change gives operators greater flexibility and a path to compliance, even in a tough insurance environment.

(4) Codification of the Dram Shop Tort – Favorable for the Hospitality Industry

What This Means:

- The General Assembly did not adopt a full codification of the dram shop tort.
- Instead, it added “knowingly” to S.C. Code 61-6-2220, which eliminates strict liability in liquor-by-the-drink cases.
- The existing common law standard still applies: liability only arises if a business knew or should have known the person was intoxicated at the time of service.
- (NOT included in the passed legislation) The Senate’s original proposal would have expanded liability to include sober patrons who became intoxicated later, which would have been a major concern for the industry. This language was rejected, and no new liability standard was created.

Bottom Line: This outcome is favorable for hospitality businesses – the industry avoided an expansion of dram shop liability, and strict liability for liquor service has been rolled back. While a well-crafted codification could help clarify the law in the future, it must be done carefully to avoid new legal exposure.

Future Efforts to Limit Dram Shop Liability:

Fully eliminating dram shop liability isn't politically realistic right now, given strong opposition from Republican leadership. However, targeted tort reform could help, including:

1. Ending liability for underage adult drinkers who commit multiple crimes (e.g., using a fake ID, driving under the influence) and then try to sue.
2. Protecting businesses from liability for injured adult passengers who knowingly ride with a drunk driver.
3. Requiring clear signs of intoxication (like slurred speech or stumbling) before a business can be held liable, helping to set a higher, more objective standard.

(5) Licensee Penalties – Clearer Rules, More Stability

The bill updates S.C. Code § 61-4-580 to set clear, step-by-step penalties for violations, replacing the Department of Revenue’s broad discretion with a more consistent process.

What This Means:

- 1st offense: \$2,500 fine
- 2nd offense: 14-day license suspension
- 3rd offense: License revocation

Bottom Line: This change adds fairness and consistency while helping remove high-risk operators – something that could improve the insurance outlook for responsible businesses.

(6) Alcohol Server Training – Positive Outcome

- H.3430 created Chapter 3 to Title 61, establishing mandatory alcohol server training.
- Department of Revenue (DOR) will approve server training programs based on defined standards.
- Managers and servers must complete training within 30 days of employment.
- Licensees are responsible for maintaining copies of each employee's training certification.
- This may improve the insurance underwriting climate in South Carolina.

Adopted alcohol server training requirements include:

Required Curriculum Topics

- State laws and regulations related to:
 - Sale and service of alcoholic beverages
 - Permitting and licensing of alcohol sellers
 - Impaired driving/DUI
 - Liquor liability issues
 - Concealed weapon carry laws in alcohol-serving establishments
 - Consequences for minors (e.g., loss of scholarships) due to unlawful alcohol use/sale
- Effects of alcohol on the body and behavior, including driving ability
- Blood Alcohol Concentration (BAC) and influencing factors
- Interaction of alcohol with prescription, nonprescription, and illegal drugs
- How to recognize the signs of intoxication and prevent it
- How to identify and intervene with problem drinkers
- How to identify and refuse service to:
 - Minors under 21
 - Intoxicated individuals
- Proper ID checks, spotting fake IDs, and handling violations
- Law enforcement information, including SC drunk driving statistics
- Other alcohol server education topics designated by the department (in collaboration with DBHDD and the division)

Program Design Requirements

- Must cover all content listed above
- Content must focus on skills and knowledge for responsible alcohol service
- Program must:
 - Be offered online
 - Be at least four hours
 - Be available in English and Spanish
 - Use linear navigation (no skipping)

- Include audio, be interactive, and include a test
- Require a passing test score monitored by an online proctor
- Issue certificates only after training and test are successfully completed

Provider Requirements

- Submit participant completion reports to the department within 10 business days
- Maintain training records for at least five years
- May have authorization suspended or revoked for violations
 - If revoked, provider must immediately cease operations in SC
 - Must refund enrolled participants

(7) Collegiate Sporting Venues – Limited Impact for Most Businesses

The bill adds new rules for alcohol sales at college sporting events, but this will only affect a small number of licensees operating in those venues.

What This Means:

- New Requirements at College Venues:
 - No alcohol sales in student sections
 - No sales to anyone with a vertical (underage-style) ID
 - Mandatory use of ID scanners and random sales checks
 - Required alcohol server training
- DOR Must Set New Rules by August 31, 2025

Bottom Line: This provision won't impact most businesses, but those operating in or partnering with college stadiums should be aware of these upcoming compliance requirements.

(8) Forensic ID Scanners – Limited Impact for Most Businesses

Starting January 1, 2026, all South Carolina licensees who serve alcohol on-premises after midnight must use a forensic digital ID scanner (S.C. Code 61-2-145(F)).

What This Means:

- Required for any business serving past midnight.
- Designed to validate age more accurately and reduce the risk of underage service.
- May help with insurance premium reductions and increase underwriting interest in the state.
- The industry hoped for legal protection in return, specifically, protection from lawsuits if a customer uses a fake ID and is later injured.
- Future tort reform may aim to address this gap.

Bottom Line: While this requirement adds a compliance step for businesses open late, it may improve risk management and insurance options. Additional legal protections could still be pursued in future legislation.

(9) Insurance Provisions – A Step Forward, But More Work Needed

H.3430 includes several positive insurance-related changes, but further reform is needed to truly improve access and affordability for the hospitality industry.

What This Means:

- **New DOI Reporting Requirements:**
The bill creates S.C. Code § 38-73-550, requiring the Department of Insurance to submit detailed annual reports – an important step for long-term market oversight.
- **Captive Insurance Limits Adjusted:**
Captives can no longer offer liquor liability policies with defense costs that reduce coverage limits – a compromise backed by the industry.
- **Premium Discounts Required:**
Insurers must offer “reasonable discounts” for businesses that use mitigation tools (like ID scanners and staff training), but enforcement lacks strength without rate or policy oversight.

Looking Ahead:

To make a real impact on rates and availability, we believe future reform should focus on expanding access by requiring insurers to offer liquor liability coverage as part of standard commercial policies for licensed businesses. South Carolina is already a top-tier market for insurers, and this change could draw more carriers without drastically increasing premiums. If that path isn't possible, the state may need to explore larger solutions, like:

- An assigned risk pool for high-risk businesses, or
- A state-run insurer of last resort to provide baseline coverage

Bottom Line: The current bill lays important groundwork, but addressing liquor liability coverage in a more direct way should be the next major focus, especially for small businesses facing limited or unaffordable options.