

Risk Insights

Provided by MST Insurance Solutions, Inc.

Navigating Employer Risks of Hosting a Company-sponsored Party

Workplace celebrations can help create an enjoyable workplace, resulting in high morale and low turnover rates. These events can provide an excellent opportunity for employees to network and socialize with their co-workers in a fun environment. However, work-related parties and events present several safety and liability risks that business leaders need to address to ensure no issues arise.

This article provides an overview of common company-sponsored party risks and discusses mitigation strategies employers can implement to reduce their exposures.

Common Risks of Company-sponsored Parties

There are several risks employers encounter when hosting company-sponsored parties, including:

- **Alcohol-related issues**—If a company-sponsored party provides alcohol, there is the potential for attendees to overconsume it. This can lead to inappropriate behavior, altercations and impaired judgment, as well as auto accidents due to driving under the influence. Under certain laws (e.g., dram shop laws or social host liability), employers may be held liable if alcohol consumption at a company event results in harm to others.
- **Food safety concerns**—Foodborne illnesses caused by improper food handling, preparation or storage can lead to serious health risks for attendees. Ensuring that the food served is safe to consume can help employees avoid food hazards and reduce scenarios that could lead to workers' compensation claims or damage employee trust.
- **Physical hazards**—Decorations and crowded spaces can lead to slips, trips, falls and other accidents, especially if alcohol is involved. Games and dances that involve physical activities can also lead to injuries or other inappropriate conduct. Employers may be held liable for these incidents if it's demonstrated that they caused or failed to address these unsafe conditions. They may also face related workers' compensation claims.
- **Harassment and misconduct**—Informal settings can be conducive to unprofessional conduct, including harassment or other inappropriate behavior. Employers can be held liable for harassment or discrimination that takes place during company-sponsored events.
- **Inclusivity, accessibility and diversity considerations**—Themes or party activities may leave some employees feeling uncomfortable or excluded, potentially resulting in discrimination claims. Creating inclusive, accessible events that show respect for



diverse populations can reduce the risks of these allegations.

Risk Mitigation Strategies

Although each event is different, there are several measures employers can implement to improve safety and reduce liability risks. These include the following:

- **Manage alcohol consumption.** If employers decide to include alcohol, they should take steps to limit alcohol availability. This can be done by offering drink tickets, not serving spirits or hard alcohol, not having an open bar, and limiting the bar hours or party duration to encourage moderation. Hiring professional bartenders can also improve safety, as they can ensure guests are of legal drinking age, monitor intoxication levels and refuse service if needed. It is also vital to have several nonalcoholic drink options available and consider hosting the party during the day. At gatherings with alcohol, it is essential to stop serving alcohol well before the end of the party and provide transportation options (e.g., rideshares or shuttle services) to ensure employees get home safely. Serving food can also reduce intoxication risks since attendees would not be drinking on an empty stomach.
- **Follow food safety guidelines.** Several strategies can improve food safety, including hiring certified caterers who follow proper food safety guidelines and offering various food options to accommodate allergies and dietary restrictions. Steps should be taken during food preparation to avoid cross-contamination and monitor food temperatures (e.g., hot foods should remain hot and cold foods should remain cold). Hand sanitization stations should also be available. Additionally, potlucks should be avoided due to the uncertainty of food ingredients and food preparation practices.
- **Take physical safety precautions.** Organizers should conduct a pre-party safety check to inspect the venue for potential risks, such as wet floors, trip hazards (e.g., loose cables, uneven walking surfaces) and blocked exits. Measures should be taken to minimize slip hazards (e.g., use nonslip mats in high-traffic locations, use signage to mark slippery areas and immediately clean up any spills). Decorations must not obstruct exits or walkways or create any additional hazards (e.g., falling objects and tripping

risks). Having an incident response plan in place can help address any issues that arise.

- **Promote respectful behavior.** Prior to an event, business leaders should send reminders to attendees concerning conduct expectations and anti-harassment policies and state that company policies apply at these events, even if they are off-site or outside of standard working hours. The party should have designated supervisors to monitor the event and quickly address problematic behavior. Lowering or eliminating alcohol availability can also reduce the risks of impaired judgment and inappropriate acts. Additionally, not having games that involve contact or dance as part of the festivities can help prevent improper conduct.
- **Create an inclusive environment.** Party planners should choose themes that appeal to a broad audience or have seasonal appeal to ensure inclusivity. It should also be clear that attendance is optional and that not attending will not result in any ramifications. Avoiding specific themes that only reflect a segment of the attendees can make the event seem noninclusive. Planners should also ensure the party is accessible to individuals of all abilities and that activities and decorations are respectful to everyone.
- **Invest in and review insurance.** Business leaders should ensure they have adequate insurance in place to cover their events. Standard general liability and commercial property insurance policies may not be sufficient, depending on the location, activities and details of the gathering. It can be helpful to work with a licensed insurance professional who can provide guidance and recommendations for coverage that best fits the business's needs.

Conclusion

Company-sponsored parties can be an excellent way to celebrate the accomplishments of employees and show them appreciation. However, to make these events successful, safe and inclusive, business leaders must proactively address potential risks. By implementing safeguards and consulting with legal and insurance professionals, employers can create a supportive environment that minimizes liability and supports employee well-being.

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