The good news for parents is that so-called social host cases can be difficult to litigate, and they are likely only in the event of a catastrophic injury or death resulting from underage drinking. But that doesn't mean you're free from risk.

Homeowners face the greatest threat from these types of lawsuits since a home is insured and it's a financial asset that a plaintiff can try to tap. Liability laws differ from state to state. Minnesota, for instance, says a liable host knowingly provides a minor with alcohol, while in California, a host is liable only if he provides alcohol to "an obviously intoxicated person."

Regardless of the law, homeowners who are sued may face resistance from their insurers. "The insurance company's first reaction will be to try to find a way to disprove coverage," says Richard Campbell, an attorney who handles social host liability cases in Massachusetts.

Lawyers suggest parents check their homeowners policies to see what is covered. Most policies will cover some form of legal liability, but some may have exceptions for underage drinking and may not protect against a steep judgment. Homeowners insurance may or may not cover legal fees, which can mount quickly.

In short, there is only one sure way to avoid legal trouble, lawyers say. Make sure there is never underage drinking on your property--period.