



U.S. Rotary Club & District Liability Insurance Program (“Program”) Loss Control Guidelines **Indemnification/Hold Harmless Language in Contracts**

An indemnification/hold harmless provision is a basic contractual device in a contract or agreement that is used to transfer risk from one party to the party which controls the risk.

Indemnification/hold harmless language in contracts is separate from insurance. When your club/district agrees to this type of language it is important to ensure there is insurance that covers the requirements. Your club/district should only agree to indemnify/hold the other party harmless for your club/district’s own acts and omissions in which you have control over. You should not agree to take responsibility for the acts and omissions of the other parties, which you don’t control.

When your club/district signs a hold harmless agreement, your club/district, not the insurance company, is agreeing to pay for all applicable losses. If there is insurance coverage under the Program, the insurance company will pay for the loss; if there is no coverage under the Program, your club/district will still be responsible for paying for the loss.

- Ensure the contract does not combine the indemnification requirements with the insurance requirements. There is a possibility that the courts could void the indemnification requirements in a contract, so you don’t want the insurance requirements to be voided along with it.
- Often the indemnification and insurance provisions contained in contracts include inappropriate language that contradicts the coverage provided through the Program. Know what you are signing!
- Do not agree to sign a contract that requires your district/club to be responsible for another entity’s acts or omissions.
- Keep in mind that the contract your club signs is independent of insurance coverage. If your club agrees to terms not contained in the insurance policy, your club will be responsible for complying with those terms.

The Program provides general liability insurance coverage to active U.S. Rotary clubs and districts for their liability arising out of bodily injury to a third party or damage to a third party’s property arising from the acts or activities of the club/district.

The Program will provide only **limited** coverage to other entities and only if your club/district is required in a written and signed contract, agreement, or permit to name the entity as an **Additional Insured**.

Additional Insured status does not extend full general liability insurance coverage to the other entity, but rather provides limited coverage for that entity in the event a claim arose from your club/district’s acts or omissions. An additional insured is not covered for its own acts or omissions. To protect itself from such claims, the additional insured entity would have to secure its own general liability policy.

Sample indemnification language:

To the fullest extent permitted by law, the **Contractor/Vendor** shall defend, indemnify, and hold harmless **Rotary club/district name**, including its directors, officers, employees, agents, volunteers, and representatives (“Rotary”), from and against all claims, damages, losses, and expenses, including, but not limited to reasonable attorney’s fees, arising out of or resulting from any act, conduct, omission, negligence, misconduct or unlawful act (or act contrary to any applicable governmental order or regulation) of **Contractor/Vendor**, its owners, employees, contractors, subcontractors, agents or representatives in complying with this Agreement. The foregoing includes, without limitation, injury or damage to the person or property of Rotary, or any third party, whether or not subject to any policy of insurance.

The information provided in this document is intended to help Rotarians manage risks. The information provided does not constitute professional, legal, financial or insurance advice. It is highly recommended that you contact a local legal, financial, or insurance professional for such advice.