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Note: This article provides general information on hold harmless agreements. This is not legal advice. If you are looking to leverage a hold harmless agreement or if you are asked to sign one, you should consult legal counsel for information specific to your business. What is a hold harmless agreement? That's an important question. A hold harmless agreement, which is sometimes called a hold harmless letter, is a "release of liability" clause, typically in a contract, that indemnifies and protects one party from the financial consequences of damage or injuries caused by another party. One party agrees not to sue the other, and also to pay the costs that the party might incur for certain events. Along with small business insurance, hold harmless agreements can help your company avoid large financial burdens associated with business damage or injuries. A hold harmless agreement provision may also be referred to as an indemnification provision. A hold harmless provision is usually requested alongside a request to be an "additional insured" on the other party's insurance — making clear the goal of shifting the financial burden of unfortunate outcomes to the other party. A hold harmless clause can provide other benefits, like: Decreasing your legal expenses. Keep in mind that even if you aren't at fault in a particular situation, being sued means you have to defend yourself and may have to pay for legal representation. Decreasing your stress level. Making sure that any work you're responsible for gets done correctly is challenging enough. A hold harmless agreement means you have less to worry about because you made clear beforehand who bore the financial responsibility for unfortunate accidents. Starting a small business can be very professionally and personally rewarding. However, operating a company of any size involves risk. Natural disasters, accidents, professional errors, and employee injuries are just some of the events that can occur at any time and threaten your livelihood and that of your employees. Small business insurance helps protect your company from financial loss when problems arise. Many small businesses are formed as what is called a limited liability company or LLC. This business structure is a hybrid legal entity that combines aspects of a corporation and a sole proprietorship or partnership. Does your business need small business liability insurance? In short, the answer is, "Yes." Also called general liability insurance (or often just GL), this coverage protects your company from the financial burden caused by a number of common business risks. That includes bodily injuries to non-employees, damage to someone else's property, product liability, and what are sometimes called "personal and advertising injuries"—things like slander, libel, and copyright infringement. When you hire a property manager, you need to carefully review their management contract. You need to make sure you understand the responsibilities of the property manager, the responsibilities of the landlord and make sure you are protected if the manager does not fulfill their obligations. The first basic part of the management contract you must understand is what services the property manager has agreed to perform and how much they will charge for these services. You need to understand what services are included in the management fee, what services can be performed for an additional fee and what services will not be performed under any circumstances. The management fee is the most common type of fee that a property manager will charge. Pay close attention to how this fee is broken down. Do not immediately rule out a property manager because it seems they are charging a higher fee. Property managers who charge a lower initial fee may be charging more for "extra duties" such as filling vacancies, paying bills, maintenance issues, and eviction procedures. You need to read the management agreement very closely to determine what services are actually included in the management fee and what services are considered extra and require additional payment. For services that are considered extra, the agreement should clearly spell out how you will be charged for these duties. Is it a flat fee, a percentage fee or will the fee be determined on a case by case basis before the service is performed? Also, be aware of the services the property manager will not perform under any circumstances. This will vary from company to company but common exclusions include refinancing a property or extensive remodeling. Make sure the manager is not excluding anything you consider an absolute necessity, such as finding tenants, collecting rent or handling emergencies. The second part of the contract that you must understand is your responsibilities as the landlord. This section of the contract will define what you are obligated to do by signing the agreement and what you are prevented from doing. Two examples of obligations of the property owner are: Set Up and Maintain a Reserve Fund—The landlord is responsible for putting a specific amount of money into a reserve fund that the property manager can use for daily obligations, maintenance issues, and emergencies. You are also responsible for making sure that the fund never falls below a specific amount. Obtain and Maintain the Proper Insurance—The management agreement should specify the types of insurance and the amount of coverage you must obtain. It should also note if the property manager or company must be included under your coverage. Two examples of restrictions on the property owner are: Finding Tenants—Most agreements will prevent the property owner from placing a tenant in the property themselves. This is meant to protect the property manager from having to manage a tenant that has not been selected according to their guidelines. Entry—The property owner may not enter the property unless they notify the tenant beforehand or get approval from the property manager. This is the part of the contract that limits the property manager's liability. It is known as the hold harmless clause. In general, this clause will protect the property manager, except in cases where they have been negligent. The property manager is not, however, responsible for the negligence of third parties they hire. For example, a property manager is not responsible if they hire a contractor, and the contractor causes damage to the property. To protect yourself, you should make sure there is a "reasonable care" clause in the agreement. For example, the manager will not be held liable if "reasonable care" has been taken when hiring a third party—a.k.a they should do their research and not hire a contractor with a history of complaints against them. You want to try and avoid signing a long agreement until you have proven results from, and confidence in, the management company. Unfortunately, most management companies will not sign a contract for less than a year. In this case, you will want to carefully review the termination clause and make sure you are able to terminate the contract if you are unhappy with the service. Make sure the management agreement has a clear termination or cancellation clause. It should state why and when the property manager/management company has the right to terminate the contract and when you, the landlord, have the right to terminate the contract. You must usually give between 30 and 90 days' notice to terminate the contract. Make sure the agreement also states that the property management company must give you at least 30 days' notice if they decide to terminate the contract. Fee for Early Termination—You will often have to pay a fee for terminating a contract early. This fee will vary from a few hundred dollars to having to pay all fees the management company would have accumulated over the term of the contract. You will want to look for a contract that does not require you to terminate the agreement. You will also want a clause that allows you to terminate the contract without penalty if the management company fails to find a tenant within a specified amount of time. Obligations Upon Termination: There should also be a list of duties that must take place upon termination and the time window that must be completed within. For example, the property management company must provide the property owner with copies of all tenants' leases within 14 days of contract termination; or that all money owed to either party must be paid within 30 days of contract termination. If you have any further questions in regards to property management contracts, do not hesitate to contact us for advice. Updated 9/12/2023 If you've ever signed up for a gym membership, you've probably entered into a hold harmless agreement. It's a clause—a few sentences or more—in your contract that says the gym wouldn't be responsible if you injure yourself using the facilities. These agreements are commonly found in industries where the risk of loss, damage, or injury from a service is both high and difficult to control. Hold harmless agreements are written into contracts to protect the business from lawsuits arising from the use of their services by others. They put the financial and legal responsibility for risks involved in using a service on the shoulders of the buyer or user of the service and protect the reputation of your business. Hold harmless agreements are sometimes called "indemnity agreements," "waivers," or "releases of liability." But interpretations of indemnity often differ and might only apply to responsibility for financial losses while hold harmless definitions almost always involve legal as well as financial responsibility. In addition to gyms and other businesses providing sports activities—whether they're low-risk like tennis clubs or high-risk like hang-gilding schools—hold harmless agreements are typically used by: construction companies real estate owners who rent properties, and special events companies like those that put on trade shows. Examples of Hold Harmless Agreements Hold Harmless Agreements in Construction Let's start with a general contractor hired to remodel a home. You can use a hold harmless agreement to place responsibility for any damages to the home during the remodel on the homeowner. By the same token, the homeowner might want you to assume all the responsibility if you or your workers get injured while working at the home. Hold Harmless Agreements in Real Estate Suppose you're a property owner who rents out a warehouse and one of the workers at the warehouse is injured on the property or a worker breaks a piece of equipment. A hold harmless agreement would place liability for the accident or the loss on the renter of the property. Hold Harmless Agreements in Special Events A trade show organizer wouldn't want to be liable if any of the exhibitors had an accident at the event or if their equipment was damaged. A hold harmless agreement would place responsibility for these types of situations on the exhibitors. These are just a few examples. There are many instances when you can use a hold harmless agreement to shift responsibility for losses and damages to the person using your services and protect yourself against lawsuits. What to Put Into a Hold Harmless Agreement These agreements should be detailed and specific in order to hold up in court. Be Precise. If you're a gym owner, your agreement shouldn't only refer to your premises, for example, it should also specify your weight training equipment, fitness classes, and any other facilities and services you offer. If your agreement simply says the member is responsible for injuries from the use of the equipment you might still be liable if a member is injured in a Zumba class. Cover All Bases. Say you have a hold harmless agreement with a plumbing subcontractor, and the plumber's workers leave the home unlocked at the end of the day resulting in a theft. If your hold harmless agreement only refers to damages from leaks, liability for losses from the theft might fall to you. Include Risks. These agreements should explain the type of risk involved. If you run a hang-gilding school, for instance, you'll want to include the possibility of death occurring from the activity in your agreement. Enforcing an Agreement Having a hold harmless agreement will protect you from a lawsuit in many instances, but there are some exceptions. Some states will not honor these agreements if they're too vague or too broad. Some states prohibit the use of hold harmless agreements in construction, so it's important to check the laws in the state where you are operating. It might also be difficult to enforce a hold harmless agreement if the indemnity agreement. Being held harmless may not always protect your business from a lawsuit. Consult with an attorney for legal advice on your unexpected risks. In most cases, a hold harmless agreement is binding and legally enforceable. Business owners should include specific language in their contract, stipulating a release of liability from lawsuits that occur as a result of negligence. However, a customer could still claim legal liability from a third party if the hold harmless agreement was signed exclusively with the business owner. General liability policies typically don't cover contractual obligations that you have with third parties. Since a hold harmless clause is a legal contract, your insurance company may not pay for losses that occur as a result of your agreement. General liability policies often exclude workers' compensation claims. If your hold harmless agreement leads to a workers' compensation lawsuit, your policy likely won't cover the loss. General liability insurance pays for covered claims up to a certain limit amount. Signing a waiver of liability may result in a legal judgment that exceeds your policy limit. If this happens, you'll need to pay for the cost. The Hartford shall not be liable for any damages in connection with the use of any information provided on this page. Please consult with your insurance agent/broker or insurance company to determine specific coverage needs as this information is intended to be educational in nature. The information contained on this page should not be construed as specific legal, HR, financial, or insurance advice and is not a guarantee of coverage. In the event of a loss or claim, coverage determinations will be subject to the policy language, and any potential claim payment will be determined following a claim investigation. Certain coverages vary by state and may not be available to all businesses. All Hartford coverages and services described on this page may be offered by one or more of the property and casualty insurance company subsidiaries of The Hartford Insurance Group, Inc. listed in the Legal Notice. The Hartford Insurance Group, Inc., (NYSE: HIG) operates through its subsidiaries under the brand name, The Hartford, and is headquartered in Hartford, CT. For additional details, please read The Hartford's Legal Notice. * Customer reviews are collected by The Hartford and not representative of all customers. Trademarking a logo safeguards your brand identity and prevents unauthorized use nationwide. Follow a structured process to secure legal protection effectively. OKRs help companies and teams set ambitious goals, track progress, and drive accountability, focus, transparency, and alignment. This guide outlines OKR definitions, examples, frameworks, and practices to enhance goal management and support measurable business success. Find the best applicant tracking systems for startups to enterprises, featuring automation, customization, and advanced candidate management tools. Compare top ATS platforms like Workable, Greenhouse, and Breezy HR to streamline hiring and enhance team efficiency. A contract termination letter formally ends an agreement while maintaining professionalism and clarity. This guide outlines key elements, writing steps, and sample templates to ensure a smooth process. A California termination letter must include the termination date, reasons for dismissal, and compensation details while maintaining legal compliance. Clear communication, professionalism, and defined next steps help avoid disputes and ensure a smooth transition. Start an online business in 2025 with these 24 profitable ideas. From dropshipping to freelancing, find opportunities suited for any skillset. Key performance indicators (KPIs) are measurable metrics that assess a company's success in financial, operational, and strategic areas. Businesses track KPIs to evaluate performance, optimize processes, and make informed decisions based on data-driven insights. Credit card processing fees vary by issuer, processor, and network, impacting business costs. Reduce expenses by optimizing transactions, minimizing chargebacks, and selecting cost-effective payment solutions. Define your expertise, research competitors, set pricing, and structure your consulting business effectively. This step-by-step guide covers key actions for a successful launch, choosing between an LLC and an S Corp, impacts taxation, liability, and management structure. Business owners should evaluate growth potential, tax implications, and operational complexity before selecting the best option. A small business accountant helps manage expenses, track income, and ensure tax compliance. Choosing the right accountant improves financial accuracy and supports business growth. An LLC protects owners from personal liability for business debts while offering tax flexibility. Its hybrid structure blends corporate and partnership features. A verbal agreement can be legally binding in California, but its enforceability depends on the circumstances and type of contract. Courts may recognize implied or oral contracts, but proving their existence requires evidence like workplace policies, evaluation history, or industry standards. A demand letter for breach of contract notifies the violating party of their failure to fulfill obligations. It outlines the breach, requests corrective action, and may seek compensation or termination if unresolved. A verbal agreement can be legally binding, but proving its existence requires strong evidence like correspondence, witness testimony, or performance records. Written contracts remain the best way to prevent disputes and ensure enforceability in legal proceedings. A seller's false disclosure can affect property value and legal standing. Identifying misrepresentations, gathering evidence, and consulting experts help protect buyers' interests. Find a small business lawyer by leveraging professional networks, legal directories, and online resources to compare expertise and pricing. Ask key questions about experience, fees, and communication to ensure the right legal fit for your business. Your business partner making decisions without you can impact your role and company success. Assess your partnership agreement, document exclusions, and seek legal advice to protect your interests. Promissory estoppel prevents a party from denying a promise when another party has reasonably relied on it and suffered harm. Courts may enforce such promises even without formal consideration to ensure fairness and prevent financial injustice. A board of directors sets a company's strategic direction, oversees management, and protects shareholder interests. Elected by shareholders, board members ensure compliance, manage risks, and guide corporate policies for long-term success. Cost of Goods Sold (COGS) represents direct expenses in producing goods, impacting gross profit. A higher COGS reduces gross profit, affecting overall financial performance and business competitiveness. Straight-line depreciation allocates an asset's cost evenly over its useful life, ensuring consistent expense recognition in financial statements. Business owners favor this method for its simplicity, accuracy, and alignment with revenue across accounting periods. Net profit is the remaining revenue after deducting all expenses, taxes, and costs, indicating a company's profitability. Calculating it accurately helps businesses optimize pricing, streamline operations, and improve financial health. Net income shows a company's profitability after subtracting expenses from revenue, making it a crucial financial health metric. Businesses and investors analyze net income to assess stability, guide decisions, and evaluate overall performance. A non-disclosure agreement (NDA) is a legal contract that protects confidential business information from unauthorized disclosure. Businesses use NDAs to safeguard trade secrets, maintain competitive advantages, and ensure trust in professional relationships. A lien is a legal claim on property that secures debt repayment, affecting ownership and financial flexibility. Unpaid liens can complicate sales, refinancing, and creditworthiness, requiring resolution before transferring property rights. A hold harmless agreement shields one party from liability for damages caused by inherent risks in contracts. Common in high-risk industries, these clauses protect businesses, landlords, and contractors from legal claims. Retained earnings represent a company's net profits after dividends, influencing financial stability and growth. Businesses report them in the shareholders' equity section of financial statements. An LLC provides limited liability protection and pass-through taxation, shielding owners from business debts while simplifying tax obligations. Forming an LLC requires choosing a state, selecting a name, appointing a registered agent, and filing necessary documents. A DBA lets businesses use a different name without changing their legal structure. Registering requires checking availability, filing paperwork, and meeting state rules. A hold harmless clause also known as a hold harmless agreement or hold harmless provision, is a clause in a legal agreement that binds one party of legal liability for any injuries or damages suffered by another party. It ensures that one party cannot hold the other party legally responsible for any risks incurred from services provided. Hold harmless clauses can play a crucial role in business transactions. This type of agreement is especially prevalent in industries like sports, real estate, construction, and others where the potential for loss or injury is high. For example, in some real estate lease agreements, a commercial tenant might agree not to sue the landlord for injuries resulting from the landlord's failure to maintain the property. A hold harmless clause is used to protect the service provider in a contract from being held liable for damages or losses sustained by the party using those services. By signing the agreement, the second party accepts responsibility for certain risks involved in contracting for a service from the first party. These agreements are commonly found in business sectors where there is a significant risk of loss or injury, such as sports or real estate. A unilateral hold harmless clause protects one party to a contract. A reciprocal hold harmless clause protects both parties. Such agreements can be disregarded if they are nebulous in language, overly broad in scope, or believed to be fraudulent. Businesses that offer high-risk activities, such as skydiving sessions, commonly use a hold harmless clause. Although a hold harmless clause is not an absolute protection from liability, it indicates that the customer has acknowledged certain risks and agreed to take them. This agreement is often in the form of a letter or a waiver that the participant must sign. The hold harmless agreement may be unilateral or reciprocal. With a unilateral agreement, one party to the contract agrees not to hold the other party liable for injuries or damages incurred. With a reciprocal agreement, both parties to the contract agree to hold the other harmless. A hold harmless clause does not always protect a company against lawsuit or liability. The agreement must specifically state that the signee is waiving their right to sue for negligence. Hold harmless agreements are not just for high-risk activities like skydiving. They are also found in more common, everyday situations. For example, an apartment lease may include a hold harmless clause stating that the landlord is not responsible for any damages caused during delivery, such as accidents involving the supplier's trucks. An example of a hold harmless clause is how a hold harmless clause might look in a contract. "The Contractor agrees to hold harmless and indemnify the Client against any and all claims, liabilities, or damages arising from the Contractor's performance of services under this Agreement, except in cases of gross negligence or willful misconduct by the Client." Conclusion Hold harmless clauses protect one party from legal or financial responsibility for certain risks, ensuring that the other party takes on those obligations. They're an important tool for managing risk and clarifying responsibilities in contracts. By understanding hold harmless provisions, businesses can better protect themselves and ensure fair allocation of liability in agreements. It's a practical way to reduce disputes and maintain smoother professional relationships. This article contains general legal information and does not contain legal advice. Cobrief is not a law firm or a substitute for an attorney or law firm. The law is complex and changes often. For legal advice, please ask a lawyer. Learn the key differences between hold harmless vs indemnify, how they allocate risk, and when to use each in contracts for maximum legal protection. 6 min read updated on March 19, 2025 Definition and Purpose: A hold harmless clause releases one party from liability, while indemnification ensures compensation for damages or losses. Key Differences: While similar, hold harmless may prevent lawsuits altogether, whereas indemnification ensures financial protection after damages occur. Types of Hold Harmless Agreements: Unilateral (one party releases liability) vs. Reciprocal (both parties agree not to sue). Legal Considerations: State laws influence enforceability and interpretation of these clauses. Defend, Indemnify, and Hold Harmless: These terms are often grouped together in contracts, but each serves a distinct function. Risk Allocation: These provisions serve as risk allocation tools, derived from insurance law. Common Applications: Construction contracts, leases, event waivers, and service agreements frequently include hold harmless and indemnification provisions. Limitations and Exceptions: Some states may limit the extent of indemnification or prohibit certain hold harmless clauses. Seeking Legal Guidance: It's critical to tailor these clauses to specific contracts with the assistance of legal counsel. What's the difference between indemnify and hold harmless? Many professionals claim that "indemnify" protects against losses, while "hold harmless" protects against liabilities and losses. Hold Harmless Clause A hold harmless clause is a statement in a contract that states that an organization or individual will not be held liable for any injuries or damages caused to the other party. A hold harmless clause is also called a release of liability, a waiver of liability, a save harmless letter or release. These agreements are usually seen in leases, contracts, and easements, in an attempt to protect either one party or both. No matter what problems arise, the party protected by the clause may not be sued. There are only two types of hold harmless clauses: Reciprocal: Both parties acknowledge that they won't hold the other accountable. Unilateral: One party acknowledges that it won't hold the other accountable. What Is Indemnify? Indemnification is the assurance that one party to a contract will make the other party whole for any liability, damage, or loss incurred by another. Simply put, indemnify means to insulate another party from loss or damages. No matter what kind of indemnification clause is created, great care should be taken in its drafting. Failure to specify the terms may lead to a clause that, in the eyes of the law, may be interpreted much differently from what the concerned parties believed they were agreeing to. The purpose of requesting indemnity is to make sure you're compensated for any loss incurred that was not your fault. Indemnity and Hold Harmless: What's the Difference? The distinction between hold harmless clauses and indemnity clauses will vary by state. Many professionals treat indemnity and hold harmless clauses as though they are similar, but there are differences between the two. Therefore, it's important to make contracts as specific and clear-cut as possible. Some believe that indemnity only protects against losses while hold harmless clauses protect against both liabilities and losses. However, this explanation does not hold true across all circumstances. Many others insist that hold harmless clauses are not as specific as indemnity. For example, the term "indemnify" is used when a business hopes to protect itself against claims from a customer's error, while a hold harmless clause prevents a business from taking any responsibility for a customer's mistake. Experts recommend that both terms be included for maximum protection. A breach of contract activates the lowest level of protection. A contract is deemed breached when two parties unilaterally decide to fulfill a task and one of the parties fails to meet the terms outlined in the agreement. The party that has breached the contract may be sued and held liable for damages. Remember, remoteness and mitigation will only supply minimal protection. Indemnity is compensation for loss or damages. In a legal sense, it also refers to an exemption from liability for damages. Indemnity is based on a contractual agreement made between two parties, in which one party agrees to pay for potential damages or losses caused by the other party. The liability that's created is produced by the indemnified party's loss, even when a breach of contract has not occurred. When a breach of contract occurs it may trigger limitations. On the other hand, indemnity occurs when either the other party fails to indemnify or when the party has a right to be indemnified. Hold Harmless vs Indemnify: Which Should You Use? Choosing between a hold harmless clause and an indemnification clause depends on the nature of the risk and the desired level of protection. Use Hold Harmless When: You want to prevent lawsuits from arising altogether. Use Indemnification When: You want financial compensation for damages or legal costs. Use Both When: You seek maximum protection by preventing liability and ensuring reimbursement if damages occur. In high-risk industries like construction, real estate, and professional services, including both provisions in contracts is often recommended. The Role of Defend, Indemnify, and Hold Harmless in many contracts, the terms defend, indemnify, and hold harmless often appear together, yet they serve different purposes: Defend: Requires one party to cover legal defense costs if a claim arises. Indemnify: Compensates for financial losses or damages. Hold harmless: Prevents legal liability from arising in the first place. Including all three ensures comprehensive risk protection. However, their interpretation varies by jurisdiction, and courts may treat them as independent obligations. What Protection Is Given Under the Hold Harmless Agreement? The highest protection available is a hold harmless clause. This is because it's not a pre-made umbrella level of protection like an indemnification, nor is it limited to a breach of contract and claiming damages. A hold harmless clause is a clear legal statement indicating that an individual or enterprise will not be held liable for the following actions that are caused to another party, such as: Risk. Danger. Injury. Damages. Often, such a clause is signed when an individual embarks on an activity or purchase that involves some degree of unavoidable risk. Remember, if you're holding another party harmless, it essentially means you may not blame them for any loss or liability. Despite the similarities between the three, the greatest protection comes from including a hold harmless clause. A failure to mitigate or a breached contract may be able to supply the same level of protection, but it will depend on how the contract was written. Common Applications of Hold Harmless and Indemnification Clauses Hold harmless and indemnification clauses are widely used in various industries, particularly in contracts where risk allocation is critical. Common applications include: Construction Contracts: Contractors often indemnify property owners against third-party claims. Service Agreements: Service providers protect clients from liability for damages resulting from services. Event Waivers: Organizers require attendees to sign waivers, releasing them from liability. Leases: Landlords may require tenants to indemnify them for incidents occurring on the property. Business Transactions: Mergers and acquisitions often involve indemnity provisions to cover liabilities. Ensuring these clauses are clearly defined and legally enforceable is crucial for their effectiveness. Limitations and Enforceability of Hold Harmless Clauses While hold harmless clauses provide strong liability protection, they are not universally enforceable. Certain limitations include: State-Specific Restrictions: Some states prohibit hold harmless clauses in specific industries (e.g., construction). Gross Negligence or Intentional Misconduct: Courts may refuse to enforce clauses if one party acted recklessly. Ambiguous Wording: Vague or overly broad language can lead to disputes or legal challenges. Third-Party Rights: If a third party is harmed, the hold harmless agreement may not prevent them from seeking damages. To maximize enforceability, contracts should clearly define the scope and limitations of liability. Consulting an attorney can help ensure compliance with state laws. Frequently Asked Questions! What is the main difference between indemnify and hold harmless? The key difference is that indemnification compensates for damages or losses, while hold harmless prevents one party from being sued in the first place. 2. Can a hold harmless clause be challenged in court? Yes. Courts may invalidate a hold harmless clause if it is ambiguous, overly broad, or attempts to waive liability for gross negligence or intentional misconduct. 3. Are hold harmless and indemnification clauses required in all contracts? No, but they are commonly included in contracts involving risk, such as construction agreements, leases, and service contracts. 4. What is the best way to ensure an indemnification clause is enforceable? A enforceable indemnification clause should: Clearly define the scope of liability. Specify who is indemnifying whom. Include limitations and exceptions. 5. Should I include both indemnification and hold harmless clauses in my contract? In many cases, yes. Using both provides the most protection, ensuring that a party is shielded from lawsuits and compensated if damages occur. If you need help with determining the difference between indemnify and hold harmless, you can post your job on UpCounsel's marketplace. UpCounsel accepts only the top 5 percent of lawyers to its site. Lawyers on UpCounsel come from law schools such as Harvard Law and Yale Law and average 14 years of legal experience, including work with or on behalf of companies like Google, Menlo Ventures, and Airbnb. A hold harmless clause, also known as a hold harmless agreement or hold harmless provision, is a clause in a legal contract absolving one party of legal liability for any injuries or damages suffered by another party. It ensures that one party cannot hold the other party legally responsible for any risks incurred from services provided. Hold harmless clauses can play a crucial role in business transactions. This type of agreement is especially prevalent in industries like sports, real estate, construction, and others where the potential for loss or injury is high. For example, in some real estate lease agreements, a commercial tenant might agree not to sue the landlord for injuries resulting from the landlord's failure to maintain the property. A hold harmless clause is used to protect the service provider in a contract from being held liable for damages or losses sustained by the party using those services. By signing the agreement, the second party accepts responsibility for certain risks involved in contracting for a service from the first party. These agreements are commonly found in business sectors where there is a significant risk of loss or injury, such as sports or real estate. A unilateral hold harmless clause protects one party to a contract. A reciprocal hold harmless clause protects both parties. Such agreements can be disregarded if they are nebulous in language, overly broad in scope, or believed to be fraudulent. Businesses that offer high-risk activities, such as skydiving sessions, commonly use a hold harmless clause. Although a hold harmless clause is not an absolute protection from liability, it indicates that the customer has acknowledged certain risks and agreed to take them. This agreement is often in the form of a letter or a waiver that the participant must sign. The hold harmless agreement may be unilateral or reciprocal. With a unilateral agreement, one party to the contract agrees not to hold the other party liable for injuries or damages incurred. With a reciprocal agreement, both parties to the contract agree to hold the other harmless. A hold harmless clause does not always protect a company against lawsuit or liability. The agreement must specifically state that the signee is waiving their right to sue for negligence. Hold harmless agreements are not just for high-risk activities like skydiving. They are also found in more common, everyday situations. For example, an apartment lease may include a hold harmless clause stating that the landlord is not responsible for any damage caused by the tenant. Similarly, a homeowner hiring a roofer might request a hold harmless agreement to protect against a lawsuit if the roofer falls off the roof. Sports clubs and fitness centers also use these agreements to prevent their members from suing if they are injured while exercising. In these examples, there might be a clause requiring the participant to accept all risks associated with the activity, including the risk of death. In the construction industry, contractors often use hold harmless agreements to protect their businesses against potential liability related to their work. For example, a contractor building a deck might add a clause to avoid future lawsuits for injuries occurring on that deck. The homeowner, in turn, may use a hold harmless agreement to prevent a lawsuit if the contractor suffers an injury while building the deck. The first situation described just above represents a unilateral hold harmless agreement. The contractor is the only one demanding to be held harmless. The second example represents a reciprocal agreement. The homeowner is also requesting indemnity from the contractor. A hold harmless agreement does not always protect against a lawsuit or liability. The effectiveness depends on the specific language and the nature of the agreement. For example, hold harmless agreements that are nebulous in language or overly broad in scope might be disregarded. Moreover, the clause may be deemed null and void if signers present a strong case that the agreement was fraudulent or they were coerced into signing a hold harmless clause. Some states are less friendly toward hold harmless agreements than others. In some jurisdictions, anti-indemnity regulations limit or even prohibit the use of hold harmless clauses within certain professions or under some circumstances, such as residential tenancies. Hold harmless essentially means just that: at least one of the participants in a contract is not held responsible or liable for losses. It appears as an agreement in a contract or a waiver before using a service. When signed, a hold harmless clause should result in the party requesting it being freed from liability for damages, injuries, or other losses. If the state where a hold harmless agreement is being used recognizes these types of clauses and accepts their use in that particular context, then they should be binding. That's not a guarantee, however. If the agreement is vague and difficult to understand, overly broad, or if it can be proved that it wasn't signed with free will, it will likely be disregarded by a court. Hold harmless clauses go by many names. They may also be called hold harmless agreements, hold harmless, or hold harmless letter. They appear in legal contracts as a clause and must be understood before being signed. Having such an agreement in place can be useful in many situations. For example, a contractor building a deck might add a clause to avoid future lawsuits for injuries occurring on that deck. The homeowner, in turn, may use a hold harmless agreement to prevent a lawsuit if the contractor suffers an injury while building the deck. The first situation described just above represents a unilateral hold harmless agreement. The contractor is the only one demanding to be held harmless. The second example represents a reciprocal agreement. The homeowner is also requesting indemnity from the contractor. A hold harmless agreement does not always protect against a lawsuit or liability. The effectiveness depends on the specific language and the nature of the agreement. For example, hold harmless agreements that are nebulous in language or overly broad in scope might be disregarded. 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