

Insurance, Indemnification, and Limitation of Liability Provisions in Business Contracts

If your job includes reviewing, drafting or negotiating contracts, you've probably seen provisions relating to insurance, indemnification, and limitation of liability, writes **Kenneth Gorenberg** of **Barnes & Thornburg LLP**.

"Are they boilerplate that you spend little time on? Do you fully understand exactly what they do? Do you negotiate or revise them?" he asks.

"Fundamentally, the purpose of insurance, indemnification, and limitation clauses is to allocate risks," Gorenberg explains. "In general, insurance transfers risk from the contracting parties to a third party—an insurance company. Indemnification usually transfers risk between the parties to the contract. Limitation of liability prevents or limits the transfer of risk between the parties."

Read the article.