

Indemnification in Commercial Agreements – What is It and Should You Be Concerned About It?

Susan M. Hartman of **Buchanan Ingersoll & Rooney** writes that most commercial contracts contain what is called an “indemnification” provision.

She explains in her article published by **JD Supra Business Advisor** that indemnification is an obligation to be responsible for losses another party might suffer if certain events occur, possibly including legal fees to defend against a third-party claim and damages awarded to the third party as a result of the claim.

“Indemnification is often one of the last issues to resolve in contract negotiations. However, it is important to take the time to think through each party’s obligations under the contract, and consider what type of indemnification is appropriate based on the deal. A broad indemnification that may have been reasonable for a startup company to provide will not be viewed favorably when the applicable contract is assigned to an acquiring company that has more assets at risk if there is an indemnification claim.

Read the article.