What does it mean when your engineering contract requires an engineer to "indemnify" a client?

"Indemnify" simply means to compensate for a loss. For example, in a contract for engineering services, an indemnification clause might ask for compensation for damages caused by the engineer's professional negligence.

The problem is that the indemnification clause could open the door to much broader and more dangerous financial risk. Unreasonable indemnification clauses may ask engineers to take financial responsibility for ANY of their actions whether negligent or not. Can you imagine being asked by another party to pay for the damages THEY CAUSED, or even for damages caused by OTHER PARTIES?

This is called broad-form indemnification. Keeping your state's engineering indemnification laws under control is not, however, as simple as it sounds. You can't just ask the client to agree to a cap on the indemnification. The contract language on the other side must also be addressed. Have no choice - the bargaining power is usually on the client's side.

The only way to protect all design professionals from this financially devastating risk is to do what a number of states have done already: PASS THE LAW!

So we urge you to share this message with your state legislators and encourage them to MAKE BROAD-FORM INDEMNIFICATION VOID & UNENFORCEABLE in your state. It's good public policy and the right thing to do.