



## CONTRACTS 101: HOW DO THEY AFFECT ME AND MY EVENT?

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# What is a contract?

- A contract is a promise or set of promises for the breach of which the law give a remedy, or the performance of which the law in some way recognizes as a duty.
- Why is this important? The contracts that you sign months and years in advance can make or break your event.

# Key Areas of the Contract

- Parties- Who is involved in this contract?
- Agreement or Consideration- What good or service is being provided? 1-2 sentences long
- Terms- Meat and potatoes of the contract. What each party gains from this deal.
- Signatures/Dates- Make sure the person signing the contract is aware of all aspects of the contract.

# What are your exposures?



# Use Your Own Contracts

- You should have a contract that is in place for all vendors, small entertainers, sponsors, etc.
- In your contract always address specific coverages:
  - Athletic Participant Liability (Color Run)
  - Video Productions/Staging
- If you must use a contract other than your own you should have a standard addendum to attach to the contract that is in your favor.

# Insurance Coverage- Who and When?

- Who is providing coverage to who?
  - ▣ Vendors and contractors will always provide you with a certificate of insurance naming your organization as Additional Insured.
    - You should always require \$1,000,000 GL at a minimum and more for high risk activities. (carnival, fireworks, staging)
  - ▣ Sponsors will typically want to be named as Additional Insured under the event policy.
    - This can be done through your GL carrier and should be no additional charge.

# Additional Insured-What is it?

- Having a certificate of insurance and being named as Additional Insured are two very different things.
  - ▣ Simply having a certificate just shows that company has coverage for themselves and affords no protection for you.
  - ▣ When you have a certificate showing your event as **ADDITIONAL INSURED** you are afforded a defense and protection under their policy for claims resulting from their negligence.
- ▣ **NOT HAVING ADDITIONAL INSURED CAN COST \$\$\$\$**

# Indemnification and Hold Harmless

- These two elements work together. Indemnification/Hold Harmless provisions establish the ground rules but without insurance requirements it's an empty promise.

# What is a Hold Harmless Clause?

- A provision in an agreement under which one or both parties agree not to hold the other party responsible for any loss, damage, or legal liability. In effect, this clause indemnifies the parties on a unilateral or reciprocal basis (as the case may be). See also indemnity clause.
- When you are entering into a contract you should always require that the party you are working with agree to Indemnify and hold you harmless.

# Hold Harmless cont'd

- If they cause the claim you will be represented under their insurance policy and if this exhausts they must represent you on their own.
- ▣ If you do not have this clause in the contract you would have to represent yourself causing claims and legal costs to your event.

# What is Dual Indemnification?

- Dual Indemnification would be if both parties have agreed to protect each other for their own negligence.
- Very few contracts would be suitable for this type of coverage as most often one party is providing a service to the other.

# Dual Indemnification- Sample

- Indemnification Clause- *Purchaser* hereby agrees to indemnify and hold harmless *Artist*, as well as their agents, representatives and directors from and against any loss, damage or expense associated with a claim arising out of the negligence of the *Purchaser*. *Artist* hereby agrees to indemnify and hold harmless *Purchaser* for any loss, damage or expense associated with a claim arising out of the negligence of the *Artist*.
- PURCHASER shall maintain, comprehensive general liability insurance in the amount of no less than One Million Dollars per occurrence from an A- or better rated carrier. This policy shall name the ARTIST and their agents, representatives and directors as additional insured as it pertains to the negligence of the PURCHASER.
- ARTIST shall maintain, comprehensive general liability insurance in the amount of no less than One Million Dollars per occurrence from an A- or better rated carrier. This policy shall name the PURCHASER and their agents, representatives and directors as additional insured as it pertains to the negligence of the ARTIST.

# Waivers-Who Signs Them

- A waiver could make the difference between a claim and no claim.
- All athletic participants should sign a waiver indemnifying you and your event!
- Volunteers should sign waivers that state they hold you harmless. (Volunteer Accident Coverage)

# City/Venue Contracts

- When you are renting a facility for your event you will be required to show insurance coverage and name the venue as Additional Insured.
- Make sure that the provisions are not unfairly slanted. Venue Security, Site preparation, Utilities.
- Work with the venue to negotiate all repairs and updates well prior to move-in. (asphalt, curbs, etc.)

# Carnivals/Amusement Operators

- When dealing with a ride operator remember that they are bringing all the risk so they can bring the protection!
- Require all contracts have Indemnification and Hold Harmless in your favor.
- At a minimum \$1,000,000 in GL coverage for your event.
- Only use reputable operators and never have your staff working the rides and amusements.

# Questions???

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