



DISB ANNOUNCEMENTS

Department of Insurance, Securities and Banking | 810 First Street, NE, Suite 701 | Washington, DC 20002 | (202) 727-8000 | www.disb.dc.gov

Contractual Liability Contracts

The D.C. Department of Insurance, Securities and Banking (DISB) regulates contractual liability contracts when they are underwritten by an insurance company licensed or authorized to do business in the District of Columbia. If your contractual liability contract is underwritten by an insurance company licensed or authorized by our Department you may have recourse should you have a complaint. Contractual liability contracts, not underwritten by an insurance company, are subject to other regulatory authority. Contractual liability products can fall under several categories. This list is not exhaustive.

Hold harmless or Indemnity agreements – An agreement, usually in writing, where one party assumes the liability of another by contract. In a hold harmless or indemnity agreement, one party (the indemnitor) agrees to reimburse the other party (the indemnitee) against claims or suits brought against the indemnitee by a third party. The purpose is to transfer the risk of financial loss from one party (the indemnitee) to another party (the indemnitor).

Example: An apartment building contracts with an elevator company to install and maintain an elevator in the building. Other examples would be real estate lease agreements between tenant and landlord.

Credit coverage agreements – An agreement where one party assumes the credit liability of the other party.

Example: An insurance company agrees to reimburse or indemnify a retail establishment for financial losses incurred due to uncollectible accounts receivables or unpaid balances on loans.

Maintenance Agreements – An agreement where one party agrees to assume or to reimburse another party for losses incurred due to operational, structural failure of property due to defects in material or workmanship, or normal wear and tear.

Example: A car dealer sells you a service contract that covers maintenance of your car.

If you are not sure whether your contractual liability agreement is underwritten by an insurance company licensed or authorized to do business in the District of Columbia you can contact DISB's Insurance Bureau, Forms and Analysis Branch at (202) 442-7798.