



Is Your Professional Services Contract Effective?

Contracts are a fundamental loss control tool for professionals providing services to others. Ideally, you should use a standard services contract with your clients that includes key elements for your protection. Continue reading to learn why contracts are important and what should be included in a contract.

Why Are Contracts Important?

Well-written contracts provide clear expectations for you and your clients regarding the exchange of services provided and compensation received. They can limit misunderstandings and liability if a dispute arises. Contracts with subcontractors you may use in the course of providing professional services serve the same function.

What Should Be Included in a Contract?

Details are important. Elements of a contract should include:

- ▶ All parties' information, including contact information, legal business names, and billing addresses
- ▶ Offer and acceptance of terms, including documentation of any revisions arising from the negotiating process
- ▶ Start date of provision of services
- ▶ Rate of compensation, payment schedules and changes in compensation
- ▶ Termination of services, including how payment will be handled
- ▶ Clear and well-defined scope of services that does not extend to unintended responsibilities
- ▶ Indemnification provisions and limitations of liability for the professional
- ▶ Liability insurance requirements for entities providing services



Work with a lawyer when possible to ensure the contract is enforceable.

This document does not amend, extend or alter the coverage afforded by the policy. For a complete understanding of any insurance you purchase, you must first read your policy, declaration page and any endorsements and discuss them with your agent. A sample policy is available from your agent. Your actual policy conditions may be amended by endorsement or affected by state laws.