Many commercial contracts often require a party performing under a contract such as a contractor or subcontractor on a construction project to indemnify the party that they have contracted with as well as certain other parties such as architects and engineers. The indemnity is usually provided for claims which result in bodily injury or damage to property. Many standard indemnity agreements reflect the public policy of a number of states and limit the indemnity provided by the indemnitor to the negligence of the indemnitor. Accordingly, such indemnity provisions do not indemnify the indemnitee for the indemnitee’s own negligence.

Historically, the parties providing standard indemnity agreements relied upon the understanding that any claims under the standard indemnity agreements would be covered under the “insured contract” provisions of a typical commercial general liability (“CGL”) policy. In 2007, the Illinois Supreme Court in *Virginia Surety Co. v. Northern Ins. Co.*, 224 Ill.2d. 550 (2007), determined that a standard type of indemnity provision which did not provide indemnification to the indemnitee for its own negligence was not an “insured contract” and therefore not covered under a typical CGL policy.

This article discusses the impact of *Virginia Surety* and compares coverage provided by additional insured provisions in a CGL policy to the coverage provided for the defense and indemnification of an indemnified party under a typical indemnification agreement.