

**18 GCA BUSINESS STRUCTURE & FUNCTION
CH. 30 INDEMNITY**

**DIVISION 2
COMMERCIAL & BUSINESS
OBLIGATIONS**

**PART 1
THIRD-PARTY OBLIGATIONS**

- Chapter 30. Indemnity.
- Chapter 31. Guaranty.
- Chapter 32. Suretyship.

NOTE: Title I, Part 4, Div. 3 of the Civil Code, Sale, being §§1721-1800, was repealed by P.L. 13-150:2 and replaced by appropriate parts of Title 13 of this Code (UCC).

Title II of Part 4, Div. 3 of the Civil Code, Exchange, being §§1801.101-1808.103, has been placed in Title 13 of this Code.

**CHAPTER 30
INDEMNITY**

- § 30101. What is Indemnity.
- § 30102. Wrongful Act Void.
- § 30103. Past Act Valid.
- § 30104. Indemnity Covers Agent's Acts.
- § 30105. Indemnity to Several.
- § 30106. Persons Indemnifying Generally.
- § 30107. General Rules.
- § 30108. When Person Indemnifying is a Surety.
- § 30109. Bail.
- § 30110. How Regulated.

§ 30101. What is Indemnity.

Indemnity is a contract by one engages to save another from a legal consequence of the conduct of one of the parties, or of some other person.

SOURCE: CC § 2772.

§ 30102. Wrongful Act Void.

18 GCA BUSINESS STRUCTURE & FUNCTION
CH. 30 INDEMNITY

An agreement to indemnify a person against an act thereafter to be done, is void, if the act be known by such person at the time of doing it to be unlawful.

SOURCE: CC § 2773.

§ 30103. Past Act Valid.

An agreement to indemnify a person against an act already done, is valid, even though the act was known to be wrongful, unless it was a felony.

SOURCE: CC § 2774.

§ 30104. Indemnity Covers Agent's Acts.

An agreement to indemnify against the acts of a certain person, applies not only to his acts, but also to those of his agents.

SOURCE: CC § 2775.

§ 30105. Indemnity to Several.

An agreement to indemnify several persons applies to each, unless a contrary intention appears.

SOURCE: CC § 2776.

§ 30106. Persons Indemnifying Generally.

One who indemnifies another against an act to be done by the latter is liable jointly with the person indemnified, and separately, to every person injured by such act.

SOURCE: CC § 2777.

§ 30107. General Rules.

In the interpretation of a contract of indemnity, the following rules are to be applied, unless a contrary intention appears:

1. Upon an indemnity against liability, expressly, or in other equivalent terms, the person indemnified is entitled to recover upon becoming liable;
2. Upon an indemnity against claims, or demands, or damages, or costs, expressly, or in other equivalent terms, the person indemnified is not entitled to recover without payment thereof;
3. An indemnity against claims, or demands, or liability, expressly, or in other equivalent terms, embraces the costs of defense

18 GCA BUSINESS STRUCTURE & FUNCTION
CH. 30 INDEMNITY

against such claims, demands, or liability incurred in good faith, and in the exercise of a reasonable discretion;

4. The person indemnifying is bound, on request of the person indemnified, to defend actions or proceedings brought against the latter in respect to the matters embraced by the indemnity, but the person indemnified has the right to conduct such defenses, if he chooses to do so;

5. If, after request, the person indemnifying neglects to defend the person indemnified, a recovery against the latter suffered by him in good faith, is conclusive in his favor against the former;

6. If the person indemnifying, whether he is a principal or a surety in the agreement, has not reasonable notice of the action or proceeding against the person indemnified, or is not allowed to control its defense, judgment against the latter is only presumptive evidence against the former;

7. A stipulation that a judgment against the person indemnified shall be conclusive upon the person indemnifying, is inapplicable if he had a good defense upon the merits, which by want of ordinary care he failed to establish in the action.

SOURCE: CC § 2778.

§ 30108. When Person Indemnifying is a Surety.

Where one, at the request of another, engages to answer in damages, whether liquidated or unliquidated, for any violation of duty on the part of the latter, he is entitled to be reimbursed in the same manner as a surety, for whatever he may pay.

SOURCE: CC § 2779.

§ 30109. Bail.

Upon those contracts of indemnity which are taken in legal proceedings as the security for performance of an obligation imposed or declared by the tribunals, and known as undertakings or recognizances, the sureties are called bail.

SOURCE: CC § 2780.

§ 30110. How Regulated.

18 GCA BUSINESS STRUCTURE & FUNCTION
CH. 30 INDEMNITY

The obligations of bail are governed by the laws specially applicable thereto.

SOURCE: CC § 2781.

NOTE: No 1970 Civil Code §§ 2782 - 2786 existed.

18 GCA BUSINESS STRUCTURE & FUNCTION
CH. 30 INDEMNITY