



Testimony of

**DANA A. DORAN
Executive Director**

Professional Logging Contractors of the Northeast

**Before the Joint Standing Committee on Health Coverage, Insurance and
Financial Services on LD 1761, An Act to Prohibit Indemnification
Agreements**

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Senator Bailey, Representative Mathieson, and members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services, my name is Dana Doran, and I am the Executive Director of the Professional Logging Contractors of the Northeast (PLC). The PLC is a regional non-profit organization that educates the public on logging and trucking issues throughout the Northeast, predominately in the state of Maine.

As background, the PLC was created in 1995 to give logging and associated trucking contractors a voice in a rapidly changing forest products industry. As of 2021, logging and trucking contractors in Maine employed over 3,000 people directly and were indirectly responsible for the creation of an additional 2,500 jobs. This employment and the investments that contractors make contributed \$582 million to the state's economy. Our membership, which includes over 200 contractor members in the state is responsible for more than 80% of Maine's annual timber harvest.

Thank you for providing me the opportunity to testify on behalf of our membership in support of LD 1761, An Act to Prohibit Indemnification Agreements. This bill would make a major change in statute that for decades has allowed unfair practices to be included in contracts that force one party, often a smaller business or contractor, to take legal and financial responsibility for the negligence of who they may be contracted with.

For example, when a logging contractor enters into a service agreement with a landowner or land management company, they may be required to sign an indemnification agreement. Such agreements typically hold the contractor financially responsible for negligent or intentional actions committed by the landowner or land management company. This indemnification, also known as hold harmless clauses, are

unfair and shift the risk from responsible party to the contractor, who in many cases has no control over negligence.

These agreements are concerning because smaller, independent contractors often lack the bargaining power to negotiate with larger companies and may be pressured into accepting terms that would shift liability and expose them to significant financial risk.

While we support the bill as written, we would like to point out that the bill, as currently drafted, may be overly broad and could lead to unintended consequences. While it is common for states to prohibit indemnification for a party's own negligence, Maine currently does not have this restriction in place. This bill appears to focus more heavily on intentional misconduct rather than solely on negligence which could leave it open to interpretation.

We urge the committee to vote ought to pass but narrow the scope of the bill to clearly prohibit indemnification for a party's own intentional misconduct and preserve the ability to allocate risk appropriately.

Thank you for your time and I would be happy to answer any questions you may have.