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Senator Bailey, Representative Mathieson, and distinguished members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services, I am Representative Joshua Morris, and I represent the people of Leeds, Turner, and Wayne. I am here today to present **LD 1761, "An Act to Prohibit Indemnification Agreements."**

This bill is about restoring fairness in business relationships. It protects small companies, independent contractors, and service providers from being forced to take on legal liability that rightly belongs to someone else. Under current law, it is not uncommon for a larger business to include a clause in a contract that shifts liability for its own mistakes, sometimes even intentional ones, to the smaller party in the agreement. These clauses are often buried in legal language and presented as nonnegotiable.

LD 1761 makes clear that these kinds of indemnification provisions are against public policy and unenforceable when they attempt to make one party responsible for another's negligence or intentional wrongdoing. No one should be held legally or financially responsible for actions they did not cause and could not control.

This kind of risk shifting can have real world consequences. Small businesses with slim margins are placed in an impossible position and sign a contract that exposes them to unpredictable liability or walk away from a job they need to stay afloat. That is not a fair choice. It undermines accountability because the party most in control of the risk is no longer incentivized to behave responsibly.

LD 1761 does not ban reasonable risk management tools. Parties can still require appropriate insurance, and the bill explicitly allows for naming someone as an additional insured. It also preserves the validity of workers' compensation and other insurance agreements. What it does is prevent abuse and situations where a powerful party uses its leverage to offload its own liability onto someone with less bargaining power.

This bill simply extends the protections that already exist in certain industries, like transportation, to all businesses in Maine. Since this bill only makes the

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indemnification covenants unenforceable, there's no need to renegotiate existing contracts.

Thank you for your time and consideration. I would be happy to answer any questions the committee may have, although there are people coming behind me that can better answer the more technical questions.