

MAINE BANKERS Association

January 7, 2026

Testimony to the 132nd Maine Legislature Committee on Judiciary

Greetings, Senator Carney, Representative Kuhn, honorable members of the Committee. My name is Josh Steirman and I am Director of Government Relations with the Maine Bankers Association. We are testifying in opposition to L.D. 1761, *An Act to Prohibit Indemnification Agreements*.

The Maine Bankers Association is the trade association representing 34 retail banks across Maine, with over 9,000 employees in virtually every community state-wide. Last year, our banks provided over \$2.5 billion in residential real estate loans, and over \$3.2 billion in small business loans. Maine bankers are your neighbors, working to provide a safe place for deposits, modern technology solutions, fraud protection, a home mortgage, or a small business loan.

This issue has come before the Maine Legislature several times in recent memory, and on each occasion, legislators wisely decided not to proceed, thereby avoiding widespread disruption in business-to-business professional relationships. The Legislature should proceed with caution when considering sweeping changes that would impact every industry and profession across the state.

This proposal would dramatically alter how Maine statutes address contracts with indemnification clauses, moving from permissive free contract, to broad prohibition. Such a significant shift would destabilize business relationships across the state. The few states which have implemented limits on indemnification agreements have almost entirely targeted legislation at specific industries. We urge caution entirely, yet if the Legislature deems it imperative to act, any remedy should be targeted to impacted industries. None of the testimony indicates that financial services are the source of any concerns with improper use of indemnification clauses.

Two specific items are of particular concern to bankers: environmental liability, and directors and officers liability. Commercial property owners routinely indemnify their lenders from environmental risks assumed by the property owner; removing this standard language would have a chilling effect on the availability of credit. Directors and officers are personally indemnified from risk undertaken by the organizations they oversee; removing this standard language would shrink the pool of willing and able executives, leading to diminished quality of risk management, and additional hazard for consumers.

In conclusion, we urge the committee to proceed with caution on this wide-ranging topic, and that any remedies be targeted at industries of concern. We are grateful for the sponsor's cooperation and will be available for questions at the work session.

Respectfully Submitted,

Joshua Steirman
Director of Government Relations