

**Testimony of Christine Fox in Support of LD 1761 - An Act to Require Fair and Mutual Indemnification for Negligence**  
**January 2, 2026**

Senator Carney, Representative Kuhn, and Honorable members of the Judiciary Committee:

My name is Christine Fox, and I am submitting this testimony in strong support of LD 1761, legislation that would require indemnification provisions to be fair, mutual, and reflective of each party's own negligence. I reside in Gray and work for Nappi Distributors in Gorham, a family-owned wholesale beer and wine distributor employing approximately 225 employees. Nappi is a Maine business founded in 1960, with roots dating back to 1933. Throughout my lengthy career at Nappi, as well as in prior roles with a Fortune 500 company and a large insurance broker, I've regularly entered into contracts with organizations of varying size and influence.

Indemnification clauses are intended to allocate risk obligations responsibly—not to shift it unfairly. Unfortunately, in practice, indemnification requirements are often imposed unevenly, particularly by larger organizations with greater bargaining power. Vendors, subcontractors, and smaller businesses are frequently required to assume all liability, even in circumstances where they have little or no control over the conditions or conduct that may give rise to a claim.

This imbalance creates real and lasting consequences. When one party is required to indemnify another for that other party's own negligence, the result is distorted risk allocation, higher insurance costs, reduced competition, and increased barriers for small and mid-sized businesses. In many cases, these smaller entities must either accept unreasonable exposure or walk away from business opportunities entirely.

From both a business and legal perspective, fair indemnification promotes safer practices, clearer contracts, and more honest risk assessment. When parties know they will be held responsible for their own actions, they have a stronger incentive to maintain appropriate controls, training, and oversight. Mutual accountability ultimately benefits employees, customers, insurers, and the judicial system.

LD 1761 is more likely to reduce disputes, not increase them. Insurance and indemnification are not the same. Insurance spreads risk; indemnification reallocates legal responsibility. When indemnification clauses require one party to absorb another's negligence, insurance programs become distorted, premiums increase, and coverage disputes become more frequent. LD 1761 supports a healthier business and insurance environment by aligning contractual responsibility with actual fault.

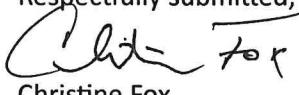
LD 1761 addresses this problem in a practical and equitable way - regardless of an organization's size or influence - by reinforcing a fundamental principle: each party should be responsible for its own negligence. This legislation is not about avoiding accountability—it's about ensuring that liability follows conduct, not leverage. When indemnification provisions are clear, mutual, and tied to each party's own negligence, contracts become easier to interpret and enforce. Clear allocation of responsibility promotes predictability and discourages unnecessary claims between parties.

On a more personal note—and perhaps a “fun fact” that underscores how common these agreements are—I met my husband of 33 years while working through a dispute involving an indemnification agreement. While our story had a happy ending, far too many contractual relationships do not, particularly when indemnification provisions are written to benefit only one side.

LD 1761 does not prevent parties from negotiating contracts, nor does it eliminate indemnification. It simply ensures that indemnification is reasonable, reciprocal, and fair. That is a standard that strengthens Maine's business environment and supports responsible economic growth.

I respectfully urge the Committee to support LD 1761 and advance legislation that promotes fairness, accountability, and common sense in contractual risk allocation. Thank you for your time and consideration.

Respectfully submitted,



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Submitting written testimony only.