

**Statement of Michael J. Riley
President**

MICHAEL J. RILEY
PRESIDENT

**Motor Transport Association of Connecticut
Before
The Joint Committee on Insurance and Real Estate**

1023

Attachment

on file

March 3, 2009

**Re: S.B. No. 1023 AN ACT CONCERNING
INDEMNIFICATION CLAUSES IN CONTRACTS WITH
MOTOR CONTRACT CARRIERS AND HOUSHOLD
GOODS CARRIERS**

I am Michael J. Riley, President of Motor Transport Association of Connecticut (MTAC), a statewide trade association, which represents around 1,000 companies that operate commercial motor vehicles in and through the state of Connecticut. Our membership includes freight haulers, movers of household goods, construction companies, distributors, tank truck operators and hundreds of companies that use trucks in their business and firms that provide goods and services to truck owners.

MTAC SUPPORTS THIS BILL

The purpose of SB 1023 is to promote safety in the carriage of goods by motor carriers by eliminating clauses from contracts, that shield shippers and others who perform their obligations negligently or wrongfully. The bill does not shield a motor carrier from his or her own liability or negligence.

More and more frequently, shippers are pressuring motor carriers to provide transportation under contracts by which the motor carrier contractually agrees to indemnify and hold harmless the shipper for the shipper's failure to meet its duties or responsibilities. In other words, shippers are not taking responsibility for their own negligent acts. The effect of these indemnification clauses is to eliminate the incentive for the shipper to meet its responsibilities in a prudent or reasonable manner. The motor carrier in essence becomes an insurer for the shipper. This shifting of liability through contract completely contradicts sound public policy.



One of the primary reasons for assigning liability is to persuade the offending party to change its behavior. In these instances, where the shipper is at fault but is indemnified by the motor carrier, there is nothing the motor carrier can do to change the shipper's behavior.

What the proposed legislation does:

- It voids contractual provisions in motor carrier transportation contracts that indemnify promisees (shippers) for the promisees' negligent or intentional acts or omissions that lead to claims.
- It maintains the incentive for promisees engaged in motor carrier transportation contracts to perform their obligations or duties in a prudent reasonably safe manner.

What the legislation does not do:

- It does not void contractual provisions whereby a motor carrier indemnifies a promisee for the motor carrier's own negligent or intentional acts that lead to claims.
- It does not establish any new duties or responsibilities other than those already established by law.
- It does not prohibit the shipper from requiring certain levels of liability insurance or special safety equipment.

This indemnification situation has developed in recent years and several states have dealt with it by passing legislation such as this.

Thank you.