

February 15, 2023

Support SF754 and HF865 - Building and construction contracts requirements modification and clarification

Honorable Members of the Legislature,

The National Fire Sprinkler Association, Minnesota Chapter, is asking the legislature to solve a serious problem plaguing the Minnesota construction industry, and the solution is in your hands this legislative session.

It has become standard practice in Minnesota for a General Contractor to include language in contracts with subcontractors that states the sub will pay for General Contractor attorney fees in order to secure the work/contract, an example is below:

"Subcontractor agrees to defend Contractor, its agents and employees from all claims including, without limitation, claims for which Contractor may be or may be claimed to be liable and to pay all legal fees and disbursements paid or incurred by Contractor in defense of such claims or to enforce the provisions of this paragraph."

Even if there is no lawsuit horror story, there is often a financial impact to the subcontractor when securing additional indemnity insurance for specific projects. Such as a case where the contract language for a \$20,000 subcontract required our chapter member to purchase an additional \$5,000 worth of liability insurance to satisfy the onerous indemnity requirements. This cost either raises the cost for subcontractors to perform our work or may result in the subcontractor making a business decision to not do work with general contractors that will not negotiate this language out of the subcontract. This effectively limits the subcontractor's ability to pursue many projects.

We encourage you to support SF754 and HF865. Thank you for your consideration.

Sincerely,



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Fire Sprinklers Save Lives and Property