



AMERICAN COUNCIL OF ENGINEERING COMPANIES
of Pennsylvania

ACEC/PA SUPPORTS HOUSE BILL 1541

The American Council of Engineering Companies of Pennsylvania (ACEC/PA), which represents more than 110 engineering firms across Pennsylvania and more than 11,700 employee members, serves as the voice of the engineering industry in Pennsylvania. From roads and bridges to dams and rivers, ACEC/PA member firms design, plan, and inspect every aspect of the Commonwealth's infrastructure, supporting billions in economic development every year and creating thousands of jobs.

ACEC/PA supports House Bill 1541 because:

- **the bill protects Pennsylvania's business owners from unfair contracting processes.** HB 1541 would prohibit the use of so-called "broad form indemnity" clauses in architectural, engineering, and construction contracts. These clauses routinely require contractors and consultants to insure and cover for loss any owner or client, regardless of fault. General practice of insurers, however, is to issue professional liability policies that cover a consultant or engineer for their own errors and omissions. By contracting with an entity that insists on a broad form indemnity agreement, consulting engineers run the risk of covering the loss for that entity without being at fault, which could result in bankruptcy.
- **the bill joins a nationwide trend to level the playing field for the infrastructure industry.** As of March of 2024, 33 states had enacted some legislation that prohibits the use of broad form indemnification and duty to defend (i.e. instances where contracting parties are required to provide for legal defense for clients, regardless of fault). The significant amount of risk that these clauses pose to businesses within the infrastructure industry could have a crippling effect if allowed to continue. Contracting entities typically believe that they are passing along their own risk to a contractor or consultant through broad form indemnity, when in fact, they are jeopardizing businesses and their own success through an uninsurable contract requirement.

On behalf of our 110 member firms and their nearly 12,000 employees, ACEC/PA requests your support of House Bill 1541. If you should have any questions about our support, please contact Executive Director Brent Sailhamer at bsailhamer@acecpa.org or (717) 386-9941.