

Contracting for Road Work

If your town has contracts for any type of road maintenance or construction or snow plowing/sanding, is the contractor adequately covered now that State law has changed??

The liability limit under the Maine Tort Claims Act has been increased from \$300,000 to \$400,000 per occurrence (see "Maine Tort Claims Act Liability Limit Increased," Maine Townsman, August/September 1999). Municipalities should review their contracts with independent contractors to ensure that their liability insurance is sufficient to cover any claims against the municipality for personal injury, death or property damage that may arise out of the contractor's performance.

For existing contracts, municipalities should demand immediate evidence of increased insurance coverage from the contractor if the contract permits it. If not, the municipality may want to renegotiate the contract to require increased coverage.

For future contracts, municipalities should require that contractors maintain liability insurance in the amount of the new statutory limit and naming the municipality as an additional insured. For contracts of longer duration, this requirement should also anticipate possible future increases in the statutory liability limit.

Municipalities that license taxicabs, limousines and towing services or that contract with concessionaires, such as at transportation or recreation facilities, should be requiring insurance at the new liability level as well.

(adapted from "Maine Townsman", October, 1999)