

By: Darby

H.B. No. 3416

Substitute the following for H.B. No. 3416:

By: Geren

C.S.H.B. No. 3416

A BILL TO BE ENTITLED

AN ACT

relating to indemnity agreements between contractors and subcontractors for services pertaining to certain wells or mines.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 127, Civil Practice and Remedies Code, is amended by adding Section 127.0045 to read as follows:

Sec. 127.0045. TRIPARTY RELATIONSHIP AGREEMENT. (a) In this section, "triparty relationship agreement" means any agreement pertaining to a well for oil, gas, or water or to a mine for a mineral that provides:

(1) that a subcontractor may or will provide any part of a contractor's services required under a separate agreement with a third party; and

(2) for a mutual or unilateral indemnity obligation between the contractor and third party.

(b) Before entering into or renewing a triparty relationship agreement with a subcontractor or third party, a contractor shall provide written notice to:

(1) the subcontractor that:

(A) describes the subcontractor's indemnification obligations to the contractor and to the third party with respect to the services the subcontractor will provide under any related agreement between the contractor and subcontractor;

1           (B) is provided as a separate document from the  
2 agreements with the subcontractor and third party; and

3           (C) is written in plain English and in a manner  
4 that is clear, concise, and designed to enable the subcontractor to  
5 understand the subcontractor's contractual indemnity obligations  
6 in connection with any services performed by the subcontractor  
7 pursuant to the triparty relationship agreement; and

8           (2) the third party that states:

9           (A) whether the subcontractor possesses  
10 liability insurance coverage or qualified self-insurance in  
11 accordance with Section 127.005 for the subcontractor's indemnity  
12 obligations in connection with any services performed by the  
13 subcontractor pursuant to the triparty relationship agreement; and

14           (B) the dollar limits of the subcontractor's  
15 insurance policy or qualified self-insurance, if any.

16           (c) A contractor may satisfy the requirement to provide a  
17 third party written notice under Subsection (b)(2) by providing the  
18 third party a certificate of insurance.

19           SECTION 2. The change in law made by this Act applies only  
20 to an agreement entered into on or after the effective date of this  
21 Act.

22           SECTION 3. This Act takes effect September 1, 2021.