

By: Darby

H.B. No. 3416

A BILL TO BE ENTITLED

1 AN ACT
2 relating to indemnity agreements between contractors and
3 subcontractors for services pertaining to certain wells or mines.

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

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

7 Sec. 127.0045. SUBCONTRACTOR AGREEMENT. (a) Except as
8 provided by Subsection (b), this chapter applies to an agreement
9 pertaining to a well for oil, gas, or water or to a mine for a
10 mineral that provides:

11 (1) that a subcontractor will provide any part of a
12 contractor's services required under a separate contract with a
13 third party; and

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

16 (b) Subsection (a) does not apply to an agreement for which
17 the contractor, on or before entering into the agreement, provides
18 written notice to:

19 (1) the subcontractor that:

20 (A) describes the subcontractor's
21 indemnification obligations to the contractor and to the third
22 party with respect to the services the subcontractor will provide
23 under the agreement;

24 (B) is provided as a separate document from the

1 agreement; and

2 (C) is written in plain English and in a manner
3 that is clear, concise, and designed to enable the subcontractor to
4 understand the subcontractor's indemnity obligations under the
5 agreement; and

6 (2) the third party that states:

7 (A) whether the subcontractor possesses
8 liability insurance coverage or qualified self-insurance in
9 accordance with Section 127.005 for the subcontractor's indemnity
10 obligations; and

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

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

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