

1-1 By: Lucio S.B. No. 1599
 1-2 (In the Senate - Filed March 11, 2021; March 24, 2021, read
 1-3 first time and referred to Committee on Natural Resources &
 1-4 Economic Development; May 5, 2021, reported adversely, with
 1-5 favorable Committee Substitute by the following vote: Yeas 6,
 1-6 Nays 0; May 5, 2021, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10			X	
1-11	X			
1-12			X	
1-13	X			
1-14	X			
1-15			X	
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 1599 By: Lucio

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to disclosures regarding indemnification obligations and
 1-22 insurance coverage in connection with provision of services
 1-23 pertaining to wells or mines by certain subcontractors.

1-24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-25 SECTION 1. Title 6, Civil Practice and Remedies Code, is
 1-26 amended by adding Chapter 127A to read as follows:

1-27 CHAPTER 127A. DISCLOSURES REGARDING INDEMNIFICATION OBLIGATIONS
 1-28 AND INSURANCE COVERAGE REGARDING WELL OR MINE SERVICES PROVIDED BY
 1-29 CERTAIN SUBCONTRACTORS

1-30 Sec. 127A.001. DEFINITIONS. In this chapter:

1-31 (1) "Temporary placement service" means an entity or
 1-32 other person that employs individuals or contracts with another
 1-33 entity or person to refer or assign personnel to the placement
 1-34 service's clients to support or supplement the clients' workforce
 1-35 in a special work situation, including:

- 1-36 (A) an employee absence;
- 1-37 (B) a temporary skill shortage;
- 1-38 (C) a seasonal or cyclical workload;
- 1-39 (D) work requiring uniquely skilled personnel;

1-40 or

1-41 (E) a special assignment or project.

1-42 (2) "Temporary subcontractor" means an independent
 1-43 contractor who, in connection with performing well or mine
 1-44 services:

- 1-45 (A) is referred to or placed by a temporary
 1-46 placement service with the placement service's client; or
- 1-47 (B) has entered into an agreement with a
 1-48 temporary placement service to provide those services to the
 1-49 placement service's client.

1-50 (3) "Well or mine service" has the meaning assigned by
 1-51 Section 127.001.

1-52 Sec. 127A.002. DISCLOSURE REGARDING TEMPORARY
 1-53 SUBCONTRACTOR INDEMNIFICATION OBLIGATIONS AND INSURANCE COVERAGE
 1-54 REQUIREMENTS. (a) Before a temporary placement service refers or
 1-55 assigns a temporary subcontractor to the placement service's client
 1-56 to perform well or mine services, the placement service shall
 1-57 provide a written disclosure to the subcontractor that:

1-58 (1) describes the subcontractor's indemnification
 1-59 obligations, if any, to the placement service and to the placement
 1-60 service's client in connection with the services the subcontractor

2-1 will provide to the client;
2-2 (2) describes any insurance policy, including the
2-3 amount of coverage and any limits on coverage, that is provided for
2-4 the benefit of the subcontractor by the placement service or the
2-5 placement service's client, or both, in connection with the
2-6 services the subcontractor will provide to the client; and

2-7 (3) expressly states whether and to what extent any
2-8 insurance policy described by Subdivision (2) will cover the
2-9 subcontractor's tort liability and contractual indemnity
2-10 obligations arising out of the performance of the services by the
2-11 subcontractor for the placement service's client or clients.

2-12 (b) The disclosure required under Subsection (a) may state
2-13 that the disclosure does not alter, amend, or otherwise modify the
2-14 terms of any agreement governing services provided by the temporary
2-15 subcontractor or any insurance policy described by Subsection
2-16 (a)(2), provided that the temporary placement service is
2-17 responsible for the content of the disclosure.

2-18 (c) A temporary placement service shall:

2-19 (1) provide the disclosure required under Subsection
2-20 (a) to a temporary subcontractor as a separate document from any
2-21 agreement entered into with the subcontractor by the placement
2-22 service or the placement service's client; and

2-23 (2) ensure that the disclosure is written in plain
2-24 English and in a manner that is clear, concise, and designed to
2-25 enable the temporary subcontractor to understand the
2-26 subcontractor's contractual indemnity obligations, if any, and any
2-27 insurance policy provided for the benefit of the subcontractor in
2-28 connection with well or mine services to be performed by the
2-29 subcontractor.

2-30 (d) A temporary placement service may satisfy the
2-31 requirement to describe an insurance policy under Subsection (a)(2)
2-32 by providing to the temporary subcontractor a certificate of
2-33 insurance evidencing applicable coverage and limits.

2-34 Sec. 127A.003. DISCLOSURE REQUIREMENTS FOR ONGOING
2-35 INSURANCE POLICY. A temporary placement service that provides a
2-36 disclosure to a temporary subcontractor under Section 127A.002 that
2-37 states that an insurance policy described in that disclosure that
2-38 is provided for the benefit of the temporary subcontractor remains
2-39 in effect for a specified time period and with respect to a
2-40 specified client or clients is not required to provide that
2-41 subcontractor with an additional disclosure under Section 127A.002
2-42 for future services provided by the subcontractor to that client or
2-43 those clients until:

2-44 (1) the insurance policy is no longer in effect; or
2-45 (2) the placement service is required to provide the
2-46 subcontractor a new disclosure because of a change concerning the
2-47 insurance policy as provided under Section 127A.004.

2-48 Sec. 127A.004. NOTICE REQUIRED FOR CERTAIN CHANGES RELATED
2-49 TO INSURANCE POLICY. A temporary placement service shall provide a
2-50 temporary subcontractor who is provided a disclosure of a provided
2-51 insurance policy under Section 127A.002 a separate written notice
2-52 of a cancellation or nonrenewal of the policy or a material
2-53 reduction in coverage under the insurance policy not later than the
2-54 30th day before the date the cancellation or nonrenewal of the
2-55 policy or the material reduction in insurance coverage takes
2-56 effect.

2-57 SECTION 2. The change in law made by this Act applies only
2-58 to an agreement entered into on or after the effective date of this
2-59 Act.

2-60 SECTION 3. This Act takes effect September 1, 2021.

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