

AN ACT

relating to the disclosure of certain information under a consolidated insurance program.

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

SECTION 1. Section 151.002, Insurance Code, is amended to read as follows:

Sec. 151.002. RULES. The commissioner shall adopt rules as necessary to implement and enforce this subchapter and Subchapter B.

SECTION 2. Subchapter A, Chapter 151, Insurance Code, is amended by adding Sections 151.003 through 151.009 to read as follows:

Sec. 151.003. INFORMATION REQUIRED TO BE PROVIDED BY PRINCIPAL BEFORE ENTERING CONSTRUCTION CONTRACT. If a construction contract requires a person to enroll in a consolidated insurance program, not later than the 10th day before the date a principal enters into the contract with the person, the principal shall provide the following information about the consolidated insurance program to the person:

(1) contact information, including phone number and e-

mail address, for:

(A) the program administrator;

(B) the principal's risk manager; and

(C) the insurer's contact person for filing a claim

for each type of insurance coverage provided in the program;

(2) the criteria for eligibility of enrollment into the program;

(3) a description of the project site covered by the program coverages;

(4) a summary of insurance coverages to be provided to the contractor under the program, including:

(A) the policy form number and issuing organization if the policy is a standardized insurance policy or, if the policy is not standardized, a sample policy form;

(B) per occurrence and aggregate limits of insurance coverages and any sublimits that may apply;

(C) term of coverages for each limit and sublimit, if any; and

(D) any material endorsements to the policy described under Paragraph (A);

(5) a summary of insurance coverages to be provided by the contractor;

(6) instructions on how to include or exclude costs of insurance provided by the program in the person's proposal for work

on the construction project;

(7) a description of the audit or claims procedures related to the program that may result in additional cost to a contractor, including the method of calculation for any assessment charged to a contractor related to the principal's payment of a policy deductible and any other specific cost amounts; and

(8) a description of a contractor's duties related to reporting:

(A) payroll and retention of documentation; and

(B) claims and participation in safety inspections and incident reporting.

Sec. 151.004. INFORMATION REQUIRED TO BE PROVIDED BY CONTRACTOR BEFORE ENTERING CONSTRUCTION CONTRACT. If a construction contract requires a person to enroll in a consolidated insurance program, not later than the 10th day before the date a contractor enters into the contract with the person, the contractor must provide to the person, in an accurate form, the information listed in Section 151.003 that the contractor received under that section.

Sec. 151.005. RELIANCE ON INFORMATION PROVIDED. The information required under Section 151.003 must be accurate, and a person who receives the information under Section 151.003 or 151.004 may justifiably rely on the information to decide whether to enter into the construction contract.

Sec. 151.006. FAILURE TO FURNISH. (a) A person may not be required to enter into a construction contract that requires enrollment in a consolidated insurance program unless the person is provided the information in compliance with Section 151.003 or 151.004, as applicable. If the information required under Section 151.003 is not provided to a person within the 10-day period under Section 151.003 or 151.004, as applicable, the person may elect not to enroll in the consolidated insurance program.

(b) If a person elects not to enroll in the consolidated insurance program under Subsection (a), a principal or contractor may provide the person with the information required under Section 151.003 after the 10-day period under Section 151.003 or 151.004, as applicable. The person must elect whether to enroll in the consolidated insurance program not later than the 10th day after the date that the information is provided under this subsection.

(c) If a person elects not to enroll in the consolidated insurance program under Subsection (a) or (b) and enters into a construction contract for the construction project, the person must obtain insurance coverage for the person's work on the project that substantially complies with the coverage terms and liability limits imposed for other persons who work on the construction project but who are not insured under the consolidated insurance program.

(d) The principal or contractor, as applicable, shall compensate a person with whom the principal or contractor contracts

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and who obtains insurance coverage under Subsection (c) for the actual cost of that insurance coverage.

Sec. 151.007. REQUEST FOR INSURANCE POLICY; DEADLINE TO PROVIDE. (a) A contractor may request in writing from the principal, or from the party with which the contractor has a direct contractual relationship, a complete copy of the insurance policy that provides coverage for the contractor under the consolidated insurance program.

(b) The copy described by Subsection (a) must be provided to the requesting contractor not later than the later of:

- (1) the 30th day after the date the request was sent; or
- (2) the 60th day after the date the contractor's work covered by the consolidated insurance program begins on the construction project.

Sec. 151.008. FAILURE TO PROVIDE INSURANCE POLICY. It is a material breach of a contractor's construction contract if a complete copy of the insurance policy requested by the contractor under Section 151.007 is not provided before the later of:

- (1) the 75th day after the date the request was sent; or
- (2) the 90th day after the date the contractor's work covered by the consolidated insurance program begins on the construction project.

Sec. 151.009. ELECTRONIC DELIVERY. (a) On a person's express request, a principal or contractor shall provide

information under this subchapter in hard copy written form.

(b) If a person does not expressly request information be provided in hard copy written form, the principal or contractor may comply with the requirements of this chapter by:

(1) transmitting the information by facsimile or e-mail;

or

(2) allowing access to the information on the principal's, or the principal's agent's, Internet website.

SECTION 3. The changes in law made by this Act apply only to an original construction contract with an owner of an improvement or contemplated improvement that is entered into on or after January 1, 2016. If a construction contract with an owner of an improvement or contemplated improvement is entered into on or after January 1, 2016, the changes in law made by this Act apply to a related subcontract, purchase order contract, personal property lease agreement, consolidated insurance program, and insurance policy. If a construction contract with an owner of an improvement or contemplated improvement is entered into before January 1, 2016, that original construction contract and a related subcontract, purchase order contract, personal property lease agreement, consolidated insurance program, and insurance policy are governed by the law in effect immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 4. This Act takes effect January 1, 2016.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1081 passed the Senate on April 27, 2015, by the following vote: Yeas 29, Nays 1; and that the Senate concurred in House amendment on May 21, 2015, by the following vote: Yeas 30, Nays 1.

Secretary of the Senate

I hereby certify that S.B. No. 1081 passed the House, with amendment, on May 15, 2015, by the following vote: Yeas 136, Nays 3, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor