

BILL ANALYSIS

Senate Research Center
76R11637 AJA-D

H.B. 2853
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Economic Development
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Engrossed

DIGEST

Currently, Texas law regulates mutual indemnity provisions in mineral agreements. The Texas Oilfield Anti-indemnity Act (Chapter 127, Civil Practice and Remedies Code) limits a mutual indemnity agreement in a mineral contract to the extent of coverage and dollar limits of insurance which each party as indemnitor has agreed to provide in equal amounts to the other party as indemnitee. A federal court has interpreted this statutory language to mean that a contract must provide for equal amounts of insurance; if it provides for "available" amounts of insurance, the indemnity agreement is void because it does not conform to the requirements of the Act. H.B. 2853 regulates insurance for mutual indemnity obligations in certain mineral agreements.

PURPOSE

As proposed, H.B. 2853 regulates insurance for mutual indemnity obligations in certain mineral agreements.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 127.005(b), Civil Practice and Remedies Code, to provide that with respect to a mutual indemnity obligation, the indemnity obligation is limited to the extent of the coverage and dollar limits of insurance or qualified self-insurance each party as indemnitor has agreed to obtain for the benefit of the other party as indemnitee, rather than to provide equal amounts to the other party as indemnitee.

SECTION 2. Emergency clause.
Effective date: 90 days after adjournment.