April 6, 2009

Entergy Gulf States, Inc. v. Summers

05-0272 (Tex. Sup. Ct. April 3, 2009)
(opinion on rehearing)

FACTS

- Summers, an employee of independent contractor International Maintenance Corporation (IMC), was injured while working at Entergy's plant.
- Entergy and IMC agreed that Entergy would provide workers' compensation insurance coverage for all of the IMC employees working at Entergy's plant.
- Summers received workers' compensation benefits under the policy provided by Entergy, and also sued Entergy for negligence.

TEXAS LABOR CODE CHAPTERS 406 AND 408 PROVIDE

- Workers' compensation benefits are an employee's "exclusive remedy" against an employer for work-related injuries.
- A "general contractor" is "a person who undertakes to procure the performance of work or a service, either separately or through the use of subcontractors."
- A general contractor "may enter into a written agreement [with a subcontractor] under which the general contractor provides workers' compensation" coverage to the subcontractor and the subcontractor's employees.
- Such an agreement "makes the general contractor the employer of the subcontractor and the subcontractor's employees" for purposes of the workers' compensation laws.

MAJORITY DECISION

- Six justices found that Entergy was immune as a general contractor. Justice Green wrote the majority opinion joined in relevant part by Justices Wainwright, Brister, Johnson, and Willett. Justice Hecht wrote a separate opinion finding Entergy to be a general contractor for different reasons.
- Where the statutory text is unambiguous, a court should adopt a construction supported by the statute's plain language.

- The majority held that the definition of “general contractor” does not prohibit a premises owner who “undertakes to procure the performance of work or a service” from also being a general contractor.
    - The majority specifically rejected the idea that (1) there can only be one “general contractor” on a project and (2) that the terms “general contractor” or “undertakes” necessarily imply an upstream contract with another party.
    - The majority noted that there are many occasions where owners act as their own general contractors.
    - Instead, the majority explained that allowing an owner to be a general contractor furthers the intent of the Workers Compensation Act, because it encourages broader coverage.
    - The majority rejected a number of complaints that owner immunity did not provide a sufficient “quid pro quo,” explaining that “the adequacy of workers’ compensation benefits is purely a legislative matter.”
- Therefore, a premises owner who “undertakes to procure the performance of work or a service” and contracts with his subcontractors to provide workers’ compensation insurance to cover the subcontractor’s employees is the “statutory employer” of those subcontractors’ employees, and the workers’ compensation benefits are that employee’s exclusive remedy against the owner/employer.

DISSENTING OPINION

- Justice O’Neill wrote a dissenting opinion, joined by Chief Justice Jefferson and Justice Medina.
- The dissent would find that the language of the statute is unambiguous, but that it could only mean that Entergy was not a general contractor.
    - The dissent interpreted any use of the term “contractor” to imply an upstream contract with another party.