

Four Practical Tips for Optimizing Insurance Recovery in Litigation Arising from the Oil-Price Slump

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Earlier this month, the U.S. Energy Information Administration released its short-term energy outlook forecasting continued weakness in crude oil prices through 2016 and into 2017. Already, the combination of historically high domestic production and declining demand at home and overseas has caused financial distress for domestic E&P companies. In addition to lower than anticipated revenues and corporate downsizing, E&P companies can also expect increased litigation arising from the ongoing price distortions in energy markets. Disputes between landowners and lessees, employment-related claims, and corporate litigation with contracting parties, shareholders and regulators are each likely to increase as financial pressures mount. Fortunately, in the face of this surge in litigation, liability insurance may provide a much needed source of liquidity and protection for plaintiffs and defendants alike. This alert outlines four practical tips for risk managers and in-house counsel to maximize recovery from insurance for defense costs, damages and other liability in litigation arising from the oil-price slump.

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