

Leslie Thorne and Wes Dutton in Texas Lawyer: 'Navigating Business Insurance Coverage in the Aftermath of Texas Power Crisis and Winter Storm'

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PRACTICES Insurance Recovery, Crisis Management, Power and Renewables Litigation

As Texas thaws in the wake of winter storm Uri's polar winds, insurers throughout the state are steeling themselves for an avalanche of claims from across the spectrum of insurable losses. According to some estimates, the storm caused upwards of \$90 billion dollars in losses in Texas—of which \$18 billion-\$20 billion are likely insured. Not only are many households and businesses making claims for property damage caused directly by the deep freeze—burst pipes, spoiled produce, collapsed roofs, damaged equipment, lost livestock, auto collisions, business interruption, etc.—but a recent flurry of storm-related lawsuits and government investigations indicates that some commercial insureds may have substantial third-party claims under their liability policies.

For example, Texas Attorney General Ken Paxton filed a lawsuit against Griddy on March 1, alleging that the electric retailer engaged in deceptive business practices by charging customers tens of thousands of dollars during peak demand. The lawsuit echoes already-launched attorney general investigations into various market participants, calls by Texas Gov. Greg Abbott for the board of the Electric Reliability Council of Texas ("ERCOT") to resign, and Texas Lieutenant Gov. Dan Patrick's demands for replacement of the leadership at ERCOT and the Public Utility Commission ("PUC"). At the federal level, the Federal Energy Regulatory Commission and the North American Electric Reliability Co. announced a "joint inquiry into the operations of the bulk-power system during the extreme winter weather conditions currently being experienced by the Midwest and South Central states." The Commodity Futures Trading Commission has also indicated interest in probing the energy price spikes which occurred in the midst of the storm. Furthermore, the environmental subcommittee for the U.S. House Committee on Oversight and Reform requested information on the power outage from ERCOT and expressed an interest in probing the energy provider's preparedness for future incidents of extreme weather. The House Oversight committee's requests are just one of four currently pending congressional investigations, including parallel inquiries by the House committees on Energy and Commerce, and Science, as well as the Senate Committee on Energy.

Excerpted from *Texas Lawyer*. To read the full article, click [here](#).