

## Spill Event Insurance Coverage Experience



For over 30 years, K&L Gates has had one of the leading policyholder-side insurance coverage practice groups in the country. With an emphasis on the settlement of coverage disputes when possible, and litigating vigorously when necessary, K&L Gates has concluded thousands of settlements on behalf of clients with hundreds of different insurers resulting in billions of dollars of insurance recoveries for clients.

We have specific experience counseling clients regarding coverage for catastrophic spill events and have litigated numerous coverage disputes involving oil spills, chemical

releases, and other releases of toxic substances. We have provided representation for virtually all aspects of onshore and offshore oil and gas and energy-related operations, including, without limitation, potential liability arising from loss or damage to platforms, drilling rigs, and pipelines; accidental releases of hydrocarbons into the environment; business interruption; operation of former manufactured gas plants, product pipelines, and processing plants; and the sale or release of products that have allegedly caused property damage or bodily harm.

When appropriate, our coverage lawyers can draw upon the knowledge and experience of K&L Gates' leading practices in the areas of energy regulation, environmental law, oil and gas, toxic tort claims defense, construction litigation, maritime, mergers and acquisitions, and securities enforcement in providing spill response coverage advice to our clients.

Representative coverage matters include, among others, the following recent engagements:

- K&L Gates is advising a multinational energy company on insurance coverage issues arising out of three onshore pipeline spill incidents in Pennsylvania. In these cases, the insurance coverage issues involved include notice and time element pollution coverage. K&L Gates has also represented this company in a major well-control incident, securing coverage for property damage, bodily injury claims, and incident-control expenses.
- K&L Gates is advising a large oil and gas company on insurance coverage issues arising out of an onshore pipeline spill in Canada.
- K&L Gates represents Coffeyville Resources Refining & Marketing, LLC in coverage disputes with insurers pending in the United States District Court for the District of Kansas arising out of a crude oil release from a flooded oil refinery owned by Coffeyville Resources. Coffeyville Resources has expended over \$50,000,000 on cleanup and responding to claims since 2007.
- K&L Gates represented Murphy Oil USA, Inc., a subsidiary of Murphy Oil Corporation, in disputes with certain of its excess insurers, Swiss Re International Se, Arch Reinsurance Company, HDI-Gerling AG, and Zurich Insurance Company ("Underwriters"), arising out of losses valued in excess of \$430 million that were suffered in connection with a crude oil spill caused by Hurricane Katrina at Murphy's Meraux, Louisiana, refinery. The spill (which has been characterized by the U.S. Environmental Protection Agency as the largest Katrina-related environmental release) and concomitant property damage and related alleged injuries and harm resulted in more than 26 class action lawsuits filed against

Murphy by residents of St. Bernard Parish, Louisiana, all of which were consolidated into one action, styled *Turner v. Murphy Oil USA, Inc.* A settlement of the lawsuit was approved by the federal court in January 2007. After the settlement of the *Turner* litigation, Underwriters instituted four related London-based arbitration proceedings. Shortly thereafter, Murphy filed a coverage action in Arkansas federal court and obtained a temporary restraining order enjoining arbitration, but this Arkansas action was ultimately dismissed for lack of jurisdiction. All four arbitration tribunals were then consolidated and fully constituted in October 2007 in London. Murphy sought insurance coverage for the class action settlement and related claims. After a full hearing on all issues in late 2009, the tribunal issued its confidential award and a final disposition regarding costs.

- K&L Gates represented Georgia-Pacific LLC (“G-P”) against American International Specialty Lines Insurance Company in a claim for insurance coverage for settlement and defense costs arising from a class action against G-P arising from an explosion and fire at a chemical manufacturing facility owned and operated by G-P. The case was pending in the United States District Court for the Southern District of Ohio and sought coverage for all losses incurred by G-P in connection with the underlying class action, which alleged damages from bodily injury, property damage, and toxic exposure for thousands of residents adjoining the chemical manufacturing facility. This case involved unique allocation issues between covered and uncovered settlements in the context of a class action. This case was settled prior to trial through mediation.
- K&L Gates represented Arkema Inc., a global specialty chemicals company, in the prosecution of substantial business interruption and property damage claims arising out of a significant chemical (methyl mercaptan) release at Arkema’s Riverview Michigan facility in 2001, which resulted in three fatalities and the disruption and/or closure of certain major production lines for more than a year. K&L Gates successfully settled Arkema’s complex business interruption claims in the context of a federal court action filed by Arkema.
- K&L Gates represented a major oil company on all coverage aspects of an oil spill exceeding tens of thousands of gallons into a major riverway from a collapsed oil storage tank. The spill affected several states and involved numerous class actions for bodily injury, property, and environmental damages.
- K&L Gates represented a petroleum refinery in connection with a contingent business interruption loss resulting from an upstream supplier’s significant crude oil pipeline rupture in North-Central United States.