

## Stephens Claims Management: Stakeholder Concerns and Conflict Resolution

Whether upstream, midstream or downstream, firms in the energy industry can benefit from the expertise of a proven leader in Corporate Risk Management for the sector. Stephens Insurance serves a diverse portfolio of clients, many of whom are energy-focused. When we work with such clients, we do so with three goals in mind:

- Understand the concerns of all stakeholders, including the client's end customers.
- Steer the client through the process of conflict resolution in the best possible condition.
- Educate those we interact with, including insurance carriers, on the most relevant factors

### Stakeholder Concerns

A common energy claim scenario will have three immediate stakeholders – contractors, owner/operators, and insurance carriers – which often have competing priorities.

Service contractors focus each day on the details of the project. Their goal is to produce a safe, timely and cost-efficient work product. In the energy space their work involves handling of infrastructure, for example, work performed at a well site. Owners and operators, on the other hand, are primarily concerned with the results. In the upstream segment this means a well that produces commercially viable quantities of oil or gas. The priority for insurance carriers is to assess risk, provide coverage for the risk they are willing to insure and to do so at a competitive price.

On the surface, all that seems simple enough. But, much like an oil well itself, how underlying forces interact with each other can prove volatile under extreme circumstances. Men and machinery working in high pressure and combustible environments can produce undesirable accidents involving personal injury or property damage. Sometimes, these can be of a magnitude that can affect the long-term profitability or very existence of firms. Traditional claims management occurs after these accidents.

Liabilities associated with energy industry accidents can be direct and/or indirect. An example of an indirect liability is an indemnification obligation contained in the drilling contracts or master services agreements entered into between owner/operators and the service contractors they hire to perform the work. Although all parties strive to determine their respective liabilities at the outset, they are not always clear in the aftermath of an incident.

How those indirect contractual liabilities coexist with an insurance policy can be quite complex and often are misunderstood. This is precisely why Stephens Insurance offers proactive, pre-accident contract review/recommendations, as well as reactive post-accident claims management solutions.

## Conflict Resolution

No energy firm or contractor wants accidents to unfold. These companies recognize the human toll personal injury or property damage can inflict on workers and communities. Despite the charged emotions of the situation, Stephens can help the client manage its indemnity obligations or entitlements.

Once the client notifies Stephens of an accident, we will communicate with the appropriate insurance carriers to ensure contracts and MSAs can be analyzed properly. This may require Stephens to take a strong advocacy role for the client with the insurer or its representatives. Any litigation relating to an incident typically unfolds on a parallel but distinct track to the claim scenario. Our role can enable all relevant stakeholders to better recognize their particular risk exposures, legal obligations and insurance liabilities.

During the lifespan of a claim, key decision-makers may change their views on crucial matters. Experts who can draw on a strong knowledge base to present a compelling rationale for their perspective are best positioned to generate favorable results. This calls for both a deep and broad familiarity with the nuances of the energy industry. Regardless of whether an issue is proactive pre-claim or reactive post-claim, Stephens Insurance Claims Management is by your side.

## Industry Education

Contractors, owner/operators and insurance carriers can all enjoy a smoother conflict resolution process when experienced professionals engage in the proactive and reactive claims management process. This may require the counsel of experts with sufficient knowledge and experience to educate energy firms, as well as the insurance company's claims professionals, on issues that are unique to the industry. Examples of such issues include: mutual indemnity obligations, aka "knock for knock" agreements; anti-indemnity statutes; and nuanced additional insured requirements.

As stakeholders become more knowledgeable about their risk exposures, legal obligations, and insurance liabilities, they can make better contingency plans. Furthermore, with increased knowledge, clients can realize the value of various claim outcomes. Clients' end customers enjoy quality service when the firm is no longer straddled with onerous claims disputes. And other stakeholders are more likely to accept outcomes that diverge from their initial expectations.

Today's challenging landscape of low oil prices and high regulatory scrutiny means that generating positive claims management outcomes is more important than ever. As energy firms compete to remain profitable on thin margins, they face unrelenting pressure to trim expenses. Scaling back on internal risk management capabilities may cut costs – while limiting the scope for avoiding undesirable incidents. With political winds shifting in unpredictable ways, regulatory action could add to the intensity of any fallout.

Rather than continue current projects or enter future ones with an insufficient grasp of where they stand on potential claims scenarios, energy firms in need of such guidance can consider Stephens Insurance a dedicated resource at the ready.



## Claims Management and Energy Specialist

### Mitch Harless Joins Stephens Insurance

Stephens Insurance is happy to announce that when our Houston office brought on Mitch Harless, we gained a recognized ally for energy industry firms in need of claims management solutions.

His specialized skillset allows him to play a decidedly unique role in the industry. His more than three decades of experience in the field provides a broad perspective on what it takes to generate positive outcomes in today's challenging environment. Mitch can serve as an educator, advocate and expert for energy firms seeking clarity in this complex arena. Mitch's insurance and claims management expertise has garnered him invitations to present on these topics at company sponsored forums, client summits and at the University of Houston.

Prior to joining Stephens Insurance, Mitch spent 13 years with AIG, including the last 10 years as the Zonal Claim Executive of the Client Engagement Team at AIG's Houston office. Before that, he worked for 17 years at St. Paul Fire and Marine Insurance Company, where his duties included countrywide responsibility for its dedicated Oil and Gas claim department.

In these roles, he developed extensive experience navigating claims scenarios with underwriters, brokers and insured firms. It was also during this time that Mitch developed, refined and subsequently deployed his signature flowchart-based methodology for explaining the intricacies of contractual liabilities and indemnifications. We are also proud to note that prior to starting his insurance career, Mitch served four years in the United States Marine Corps.

Now that Mitch is here at Stephens Insurance, he is eager to help our clients gain greater awareness of claims scenarios and improve their coverage for potentially catastrophic risks.