

St. Paul Owes \$6.3M In Atty Fees In Katrina Insurance Beef

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Law360, New York (February 26, 2015, 6:54 PM ET) -- A Texas federal judge on Thursday awarded oil field operator Cox Operating LLC nearly \$6.3 million in attorneys' fees and costs resulting from a dispute with St. Paul Surplus Lines Insurance Co. over Hurricane Katrina cleanup coverage.

U.S. District Judge Gray H. Miller granted Dallas- and New Orleans-based Cox \$6,297,903 after the parties disclosed a failed attempt at mediation over “each and every issue, claim, right and liability” on Feb. 24. The decision follows a [\\$24 million verdict](#) St. Paul was ordered to pay Cox stemming from the Katrina disaster.

Cox allegedly had a \$2 million primary pollution policy with a \$1 million limit per occurrence and a \$20 million excess pollution policy with St. Paul to provide primary and umbrella excess insurance coverage for Cox's oil wells and related facilities in Louisiana, according to court documents.

Katrina destroyed Cox's oil fields and equipment, resulting in oil being released at the well sites, and the company submitted more than \$15 million in claimed covered expenses, but St. Paul, arguing that many of the costs were unrelated to pollution cleanup or damage, only issued \$1.43 million, according to court filings.

The insurer claimed it had already paid Cox its full primary policy limit of \$1 million and about \$500,000 more under the excess policy, court documents said.

But a jury in 2013 found that St. Paul didn't comply with the excess insurance policy, under which it was required to pay \$9.47 million for pollution cleanup costs. The jury also decided that St. Paul didn't settle Cox's claim in good faith or investigate the claim.

Judge Miller later expanded the award, tacking on \$11.65 million for interest on the contract damages and \$2.86 million in prejudgment interest.

St. Paul had argued the award was impermissible double recovery because Cox's cleanup costs were already paid with funds from Cox's working interest owners. But the court found that Cox had suffered a legal loss because it was required to reimburse its owners from insurance proceeds, and that its second amended complaint had been brought on behalf of those owners.

St. Paul's agreement with Cox included the owners as “protected persons” and required St. Paul to pay any money those owners were legally required to pay for cleanup costs, the court held.

Representatives for Cox and St. Paul were not immediately available for comment on Thursday.

Cox is represented by Jack T. Jamison, Donald E. Godwin, Jon-Bernard Schwartz and Alexandra F. Stravinsky of [Godwin Lewis PC](#).

St. Paul is represented by J. Clifton Hall III of [Hall Maines Lugrin PC](#) and Robert B. Dubose and Charles T. Frazier Jr. of [Alexander Dubose Jefferson & Townsend LLP](#).

The case is Cox Operating LLC v. St. Paul Surplus Lines Insurance Co., case number [4:07-cv-02724](#), in the U.S. District Court for the Southern District of Texas.

--Additional reporting by Michael Lipkin and Kurt Orzeck. Editing by Brian Baresch.

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