

Insured Offshore Energy Losses from Katrina Projected at \$2 Billion – Estimated \$300 Million Will Never Be Collected

DALLAS, TX – August 31 (SEND2PRESS NEWSWIRE) – According to Insurance Data Systems, an estimated \$300,000,000 in insured damage from Katrina will be uncollected because energy companies do not aggressively pursue full claims payment. Insurance Data Systems is a Dallas, Texas based firm specializing in assisting energy companies in collecting on complex insurance claims.

According to Richard Kerr, Chairman of Insurance Data Systems in Dallas, Texas, “The underwriters for energy companies are very bright, honest people. If you approach them in an organized fashion with a reasonable position, they will listen and respond appropriately. Their intention is to give you a fair settlement. However, you must put forth the effort to prove you are due the money. You would be surprised how often money is left on the table.”

Hurricane Katrina raged through the exploration fields of offshore Louisiana with 160mph winds accompanied by 40-foot waves. Damage assessments are under way as “fly bys” in fixed wing aircraft begin to determine which facilities were hardest hit. So far, things don’t look good. According to Rigzone.com, major companies such as Transocean, Diamond Offshore Drilling, Pride Oil Co., GlobalSantaFe and ENSCO had rigs in the path of Hurricane Katrina. Damage estimates are currently unavailable. Many production platforms have suffered serious property damage. With crude at close to \$70 per barrel, the loss of income will be significant.

The oil and gas industry is insured by a specific set of underwriters including several large U.S. based insurers and many Lloyd’s Syndicates and London Companies. These insurers retain third party adjustors to determine how much they must pay. The insurance company pays the adjustor, so it is unlikely the adjustor will be as aggressive as an independent party when recommending claims payment. As a result, many oil and gas companies who suffer damage from Hurricane Katrina could receive less insurance reimbursement than possible if they are not well organized and tenacious in their communications with underwriters.

According to Kerr, “Smart energy companies engage a third party consultant to work with the insurance companies. The consultants’ experience with engineering, insurance and legal issues can yield independent, objective advice which frequently results in substantially larger claims settlements.”

Insuring offshore facilities costs the energy industry hundreds of millions of dollars in premiums. Payment of these premiums directly affects the bottom line. The bottom line gets a “double whammy” if, after a claim occurs, proper effort is not taken to assure full payment of the claim.

IDS estimates reveal over \$220,000,000 of compensable claims remain outstanding from Hurricane Ivan. Even if oil is at \$70 per barrel, \$220,000,000 spread among the various damaged companies would certainly enhance their bottom line. Energy companies damaged by Hurricane Ivan should retain an independent energy claims consultant to assure they left no money on the table, particularly since consultants like IDS work on a percentage of what is recovered in excess of the "final proof of loss". Any amount the consultant recovers would go straight to the bottom line. Shareholders like tenacious management teams who watch the bottom line.

Insurance Data Systems (IDS) is a holding company involved in developing innovative solutions for corporate insurance buyers. IDS has assembled a team of technical experts to assist oil and gas companies in resolving offshore energy claims using a unique compensation model, whereby IDS is paid only if the insured recovers more money.

For more information, please contact IDS at their Dallas office at 972 934 4224 or email vscott@marketscout.com.

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