

Oil and Gas in the Age of Nuclear Verdicts



Energy

Key insights

- The oil and gas industry faced \$1.8 billion in total nuclear awards in 2024.¹
- Oil and gas sector ranked as the sixth most affected industry by total verdict value.¹
- Nuclear verdicts rose 52% in 2024, with the average award now above \$51 million.²

Jury awards have climbed sharply in recent years. Nuclear verdicts, defined as jury awards exceeding \$10 million, and thermonuclear verdicts, awards above \$100 million, are a persistent trend. In 2024, 135 lawsuits against corporate defendants across all industries resulted in nuclear verdicts, the highest number of Marathon Strategies has recorded since 2009. The total value of these verdicts reached \$31.3 billion in 2024, a 116% year-over-year increase in jury awards.¹

Regardless of size, a single nuclear verdict can significantly impact a company's bottom line and reputation, with far-reaching consequences for its operations, stakeholder confidence and future growth. In 2024 alone, oil and gas operators faced nearly \$1.8 billion in nuclear verdicts.

Why are nuclear and thermonuclear verdicts surging?

• A generational shift in jury pools

Millennials and Gen Z now represent a larger portion of jury pools than baby boomers. The shift in jury composition generally reflects a deeper mistrust of large corporations and institutions. These jurors tend to scrutinize corporate behavior more closely and show a greater willingness to use the judicial system to penalize organizations they believe have acted irresponsibly or put profits ahead of people.

• More aggressive plaintiff tactics

Litigation strategies, such as the infamous "Reptile Theory," have become standard practice. Plaintiff attorneys frame the corporate defendant as a threat to community safety, deliberately triggering fear and anger among jurors to secure massive punitive damages. This acts as a multiplier on awards.

• Desensitization to big numbers

The public now sees billion-dollar valuations, federal budgets and tech IPOs daily. As a result, a \$50 million or \$100 million award no longer feels extreme to jurors — it feels expected. Constant exposure to large financial figures resets perception, making it easier for plaintiff attorneys to anchor damages at higher starting points and pull jury awards upward.

• Social inflation and viral scrutiny

Social inflation refers to the rising insurance claims costs resulting from societal shifts in behavior and legal trends. Large, public-facing companies are particularly vulnerable, as negative brand feedback can go viral on social media, further reinforcing cultural attitudes about corporate responsibility. Juries, influenced by this scrutiny, are more willing to use large verdicts to punish perceived corporate wrongdoing.

• Jurisdictional risk

The risk is not uniform. Geographically, certain counties, especially within the US Gulf Coast and Permian Basin — such as Harris, Midland, Reeves and Hidalgo in Texas — have become notorious plaintiff-friendly hotspots.

“Workers’ compensation was once the sole remedy for workplace injuries, but that has changed. Plaintiff attorneys are increasingly pairing workers’ comp claims with third-party lawsuits, pushing costs back onto policyholders through action-over claims. These claims are growing in size, driven by venue shopping, jury desensitization to large numbers and the use of reptile theory.”

Trevor Gilstrap, Senior Vice President, Gallagher Energy



What drives nuclear verdicts in oil and gas?

Oil and gas companies are operating in a different legal environment than they were five years ago. Transportation-related incidents and premises liability are dominating the nuclear verdicts.

Factors affecting the sector:

- **Fleet exposure is now the frontline risk**

Service contractors often operate large fleets and auto claims remain a consistent source of [nuclear verdicts](#). Underwriters now scrutinize not just the existence of telematics and continuous Motor Vehicle Record (MVR) monitoring but also the consistency of corrective action deployed in response to violations. In court, inaction on known safety data is often leveraged to justify punitive damages.

- **Action-over claims are growing**

Oilfield work is governed by complex Master Service Agreements (MSAs). Plaintiff attorneys are now using legal workarounds to file a General Liability “action-over” claim against the at-fault party, in addition to the standard Workers’ Compensation claim. This double exposure is dramatically inflating the cost of workplace injuries.

- **ESG expectations are rising**

While small- to mid-sized contractors may feel less pressure, major operators (and the carriers that cover them) are facing intense scrutiny. Insurers are now requiring formal protocols like Leak Detection and Reduction (LDAR) and methane reduction plans. Failure to demonstrate a structured, documented commitment to environmental and safety compliance can be used to argue corporate indifference.

- **Venue risk is changing fast**

Texas, once seen as a defense-friendly state, now includes several plaintiff-leaning hotspots. The industry is heavily affected because Texas is the largest domestic hub for oil and gas. Harris County, Midland, Reeves and Hidalgo each have recorded significant jury awards and show a pattern of aggressive plaintiff sentiment.

Case study

Toxic tort nuclear verdict³

A Philadelphia jury delivered the largest recent single toxic tort nuclear verdict, totaling \$816 million against a major oil and gas corporation.

The 2024 ruling found the entity liable for a former mechanic’s leukemia linked to decades of unwarned benzene exposure. It is by far the biggest verdict in the industry, marking rising corporate accountability for concealed public health hazards.

“You have to do something meaningful with the data you collect; if you implement systems like telematics or continuous MVR monitoring but do nothing with the information, it’s far worse than having no system at all.”

Trevor Gilstrap, Senior Vice President, Gallagher Energy

Five pillars of a nuclear-proof defense strategy

1. Use telematics and MVR monitoring – and act on the data

Having telematics and MVR monitoring is a prerequisite, not a defense against liability. Establish a policy and procedure to respond to every violation and apply consistent corrective actions. Insurers now focus on whether companies:

- Respond to violations
- Apply consistent corrective actions
- Maintain clear, enforceable policies

Inaction on known issues can worsen the legal outcome in court.

2. Train on the policies you publish

Ensure there is no gap between your written policies and your actual training curriculum. If your safety manual addresses a procedure (e.g., confined space entry), but you lack documented employee training, an attorney can argue a failure to protect your workers.

3. Document everything

Treat all internal records — such as near misses, toolbox talks, site inspections and safety meeting minutes — as critical defense assets. Consistent documentation demonstrates genuine safety intent, directly countering punitive damage claims.

4. Benchmark liability limits, don’t assume them

Do not simply buy the contractually required minimum limits. Use benchmarking tools, like [Gallagher Drive](#), to compare your limits against peers of a similar fleet size. Ensure your excess policies are accurate follow-form coverage to prevent multi-million-dollar gaps that can emerge when using a tower built with multiple, shrinking layers.

5. Watch fleet size thresholds

The perception of risk changes significantly when a company operates a larger fleet (e.g., anything exceeding 50-75 vehicles). Insurers read this as a higher probability of a nuclear outcome and expect commensurate liability limits and safety investments.

In an effort to save on premiums, many companies are inadvertently purchasing policies that satisfy a contract on paper but fail to provide true follow-form coverage when a nuclear verdict hits. Companies must ensure the protection matches the scale of their risk.

And as Trevor Gilstrap says, “The difference between a ‘ticked box’ and true financial security lies in the fine print of your excess tower.”

Connect with a Gallagher advisor today for a comprehensive policy audit to verify that your coverage is true to form and benchmarked against current industry standards.

¹“Corporate Verdicts Go Thermonuclear 2025 Edition,” *Marathon Strategies*, PDF file.

²“Inside The Verdict: What is Driving the Rise in Nuclear and Thermonuclear Awards?” *Sedgwick*, 21 Aug 2025.

³“Philadelphia Court Upholds \$816M Verdict Against ExxonMobil in Benzene Cancer Case,” *PR Newswire*, 13 Sep 2024.