

Texas Justices Take Up Exxon's \$25M AIG Coverage Fight

By **Spencer Brewer**

Law360 (June 12, 2026, 8:11 PM EDT) -- The Texas Supreme Court on Friday agreed to hear an appeal from Exxon Mobil Corp. seeking to force an AIG unit to pay \$25 million of a \$35 million settlement arising from a deadly 2013 explosion at Exxon's refinery in Beaumont.

Exxon is challenging a Texas Ninth Court of Appeals finding that excess carrier Lexington Insurance Co. owes nothing to Exxon because the insurer's employer's liability exclusion prevented coverage for the energy giant. Multiple subcontractors from Brock Services Ltd. sued Exxon after the explosion. Exxon sued Lexington seeking a \$25 million judgment to recoup the policy amount and attorney fees.

"Lexington claimed the umbrella policy's employer's liability exclusion, which precludes coverage for injury to ExxonMobil employees, barred coverage for claims by Brock employees against ExxonMobil," Exxon told the court in its brief.

The Ninth Court of Appeals had said Exxon participated in an owner-controlled insurance program, or OCIP, which provided workers' compensation coverage to the injured subcontractors from Brock. As a result, under the Texas Labor Code, Exxon was the injured workers' employer, the lower court found.

The ruling "transformed Brock employees into ExxonMobil employees" for the purposes of the employer's liability exclusion, Exxon told the high court.

"Texas business will suffer profound consequences because of the Beaumont court's error in interpreting this commonly used insurance policy language — resulting in Texas insureds receiving less bargained-for protection in Texas than they would obtain from the exact same policy in other states," Exxon told the state's high court.

But Lexington told the court that commercial general liability insurance is meant to provide coverage for the general public, not employees of the insured. Workers' compensation and other types of insurance cover employees, such as the Brock subcontractors, the insurer said.

It added that Exxon asked the lower court to read a contract provision in isolation, and the lower court rightfully rejected that argument.

"Exxon undisputedly provided workers' compensation benefits to the Brock workers, enjoying the benefits of workers' compensation exclusivity," Lexington said. "The umbrella policy does not apply to 'any obligation' of Exxon under workers' compensation laws, including the Texas Workers' Compensation Act."

Representatives for the parties did not immediately respond to a request for comment on Friday.

Exxon is represented in-house by Brett R. Sheneman and by Nicholas M. Bruno, Russell S. Post and Erin H. Huber of Beck Redden LLP, Jack Carroll, Gilbert I. Low and Nathan M. Brandimarte of Orgain Bell & Tucker LLP, and Mike Morris of Miller Scamardi Carrabba & Burgess PC.

Lexington is represented by Thomas C. Wright, Natasha N. Taylor and Zachary H. Bowman of Wright Close Barger & Guzman LLP and Darin L. Brooks, Kristen W. Kelly, Brian E. Waters and Julia E. Bobbitt of Gray Reed & McGraw LLP.

The case is Exxon Mobil Corp. v. Lexington Insurance Co., case number 25-0410, in the Supreme Court of Texas.

--Editing by Brian Baresch.