



From water worries to well blowouts, the inherent risks of oil and gas extraction are often played down by those in the business. But another group of profit-seekers has every reason to keep a close eye on dangers for drillers: their insurers.

Underwriters now face a politically charged problem in the perceived threats to water supplies of hydraulic fracturing.

Amid litigation and federal probes, insurance companies are left scratching their heads over how to price the risk of the oil and gas production technique now better known as fracking.

The lawsuits and tests so far provide little help. One much-cited case involved Cabot Oil & Gas Co, which settled in late 2010 for \$4.1 million with residents of the small Pennsylvania town of Dimock over methane found in their water.

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