

The Gulf Coast Claims Facility After Its First Year of Operation
(August 23, 2010 - August 22, 2011)

August 23, 2011

An Executive Summary

On August 22, 2011, the Gulf Coast Claims Facility (“GCCF”) will complete its first year of operation. Established by the Obama Administration and BP four months after the explosion of the Deepwater Horizon Oil Rig in the Gulf of Mexico, the GCCF has spent the last year distributing private compensation to eligible individuals and businesses, primarily in the five state Gulf Region: Alabama, Florida, Louisiana, Mississippi and Texas. In order to implement its mandate, the GCCF has employed as many as 3,000 individuals at local and national levels — accountants, claims evaluators, lawyers, claims intake specialists, local liaisons, technical staff, translators, etc. — in order to assist claimants in the processing of their claims.

The GCCF has largely succeeded in its primary objective — to compensate those individuals and businesses who can demonstrate financial harm due to the Oil Spill. The compensation program has not been perfect; but several midcourse corrections have been made in an effort to deal with the constructive criticism offered by victims of the Spill, public officials, and others.

The one-year statistics speak for themselves in demonstrating the overall success of the GCCF:

- Over \$5 billion has been distributed to 204,434 claimants, with approved payments by the GCCF of 359,441 claims. (This amount includes amounts distributed to the separate state real estate funds.)
- In just one year, the GCCF has received 947,892 claims from all 50 states and from residents of 36 countries. The GCCF has processed – determined eligibility, calculated payments, issued denials and sent notification of insufficient documentation – for 97% of these claims; with few exceptions, the GCCF claims process is current. As a general rule, the only claims remaining to be processed by the GCCF are those claims recently submitted within the past 60-90 days, claims that have been filed with little or no documentation and those claims that require further investigation regarding the submission of non-credible information. Just in the past three months, the GCCF has received 61,558 new claims from new and returning claimants submitted at the average rate of 4,397 Claims per week.
- The fact that the GCCF has processed virtually all of the current inventory of claims does not mean that all of these claims have been paid. The breakout is as follows (as of August 19, 2011):

A. 947,892 claims received by the GCCF (from 528,994 claimants)

B. 359,441 claims paid (to 204,434 claimants) as follows:

- Emergency Payments: \$ 2,583,413,488.07
- Quick Payments: \$ 1,212,705,000.00
- Final Payments: \$ 901,301,057.23
- Interim Payments: \$ 296,871,189.31
- Final Payment Offers Outstanding: \$ 558,203,349.32

C.

- 305,000 claims denied seeking Emergency Payments (from 278,359 claimants);
- 125,000 claims denied seeking Interim/Final Payments (from 98,794 claimants);
- 14,000 claims denied (from 11,137 claimants) because submitted documentation confirmed that no losses were sustained.

D. 25,000 Interim and/or Final claims (from 18,160 claimants) deemed by the GCCF to be deficient; i.e., lacking sufficient proof in order for the claim to be processed.

E. 23,559 Final Offers to claimants are currently pending (90 days for claimants to respond from the time the offers are made).

- The \$5 billion which has been paid to date by the GCCF can further be broken down by state as follows (The total paid includes amounts paid by the state real estate funds):

A. Alabama:	53,681 claimants paid totaling:	\$ 862,643,555.02
B. Florida:	150,920 claimants paid totaling:	\$ 2,017,086,318.87
C. Louisiana:	115,702 claimants paid totaling:	\$ 1,518,921,642.54
D. Mississippi:	30,193 claimants paid totaling:	\$ 387,278,996.73
E. Texas:	3,493 claimants paid totaling:	\$ 122,991,401.78
F. Other:	5,452 claimants paid totaling:	\$ 139,803,394.42

In addition, the GCCF has taken steps to make the claims process more “user-friendly” by implementing important procedures to assist claimants in the filing and processing of their claims:

- With the dedicated assistance of the Mississippi Center for Justice, claimants throughout the Gulf region have been provided free legal services to assist them in the claims process. Approximately 3,000 claimants have received such legal assistance in the past year. Information regarding the process for claimants to obtain free legal services is available to claimants on the GCCF website.

- The GCCF has provided accounting firm referrals to interested claimants; 22 local accounting firms are available in the Gulf region to assist claimants in preparing GCCF claim forms and providing the GCCF with the necessary documentation and other proof to substantiate claims.
- The GCCF currently has 27 offices throughout the Gulf region to provide claimants with a local point of contact to submit claims and inform claimants of the status of such claims. During the past six months, the GCCF has added local, professional staff from law firms and claims administration companies in an effort to provide claimants with more tailored one-on-one treatment of their claims. (The GCCF is now in the process of reducing the number of local claims offices as claim volume continues to diminish.)
- The GCCF has modified its correspondence with claimants to provide more detailed information concerning eligibility determinations, damage calculations, and the status of claims. All claimant determination letters include the name of a GCCF contact representative with the representative's telephone number. These steps, along with the additional personnel made available to claimants in local claims offices, have assisted claimants in better understanding the GCCF claims process.

In processing approximately 1 million claims during the past year, the GCCF has also focused on the following key objectives:

- Efficiency and Speed — On this first year anniversary date, the GCCF has “processed” virtually all of the 947,892 claims submitted by claimants; the majority of claims remaining are those submitted during the past two - three months and those that have not provided sufficient documentation to resolve the claim.
- Generosity — The United States Coast Guard — in independently reviewing some 1,126 claims submitted from claimants dissatisfied with their GCCF determinations — has ultimately affirmed all individual GCCF determinations.
- Consistency — While acknowledging that there are bound to be certain inconsistencies when claims volume approaches 1 million claims, perceived inconsistency, in most cases, can be traced to the submission by claimants of different degrees and amounts of proof to substantiate their claims. In cases where the GCCF has erred in its determination, it has sought to correct the error and provide additional compensation. In almost all cases of perceived inconsistency, there is a ready explanation, based on the documentation submitted by the claimants, for differences in claim determinations.
- Transparency — The methodologies employed by the GCCF to determine both eligibility and compensation are spelled out in public protocols available on the GCCF website. In addition, as already indicated, the GCCF seeks to explain the reasons for its decisions in correspondence with the claimants and with the addition of GCCF personnel in local claims offices available to help

claimants better understand the status of their claims and the reasons underlying claims determinations. The United States Coast Guard acts as a check on the GCCF in reviewing individual claims submitted to it by dissatisfied claimants. Finally, the GCCF has agreed with the Department of Justice to an independent audit. The Attorney General of the United States has stated in his letter of July 20, 2011, that “we will work with you to identify an appropriate time to commence such an audit before the end of the year, in a manner that will not disrupt the timely processing of claims.” The GCCF will fully cooperate with all aspects of this independent audit.

- Independence — The Gulf Coast Claims Facility acts on behalf of BP in fulfilling BP’s responsibilities to compensate claimants damaged by the Oil Spill under the Oil Pollution Act. But, as the United States Department of Justice has stated “. . . Mr. Feinberg operates as an independent decision-maker. . . He is not a government official of any sort, and his decisions are neither controlled by the government nor BP.” (Statement of United States Regarding the Court’s February 2, 2011 Order filed in United States District Court for the Eastern District of Louisiana, multi-district litigation involving the Oil Spill (February 18, 2011).) BP has often assumed public positions concerning claimant eligibility criteria and damage calculation methodologies directly at odds with the findings and determinations of the GCCF.
- Interim vs. Final Payments—The GCCF does not favor one payment option over another. First, the proof requirements for Interim and Final Payments are exactly the same. Second, the GCCF has repeatedly stated that it does not favor any payment option over any other. Third, the GCCF consistently in letters and various statements on its website and in its protocol reminds claimants that they may elect either the option of filing for Interim payments or for Final Payments. Fourth, in just the first year of operation, the GCCF has paid 169,188 Emergency Claims and, since February 18, 2011, 24,110 Interim Claims, all requiring no release whatsoever. Since mid-May of 2011, the GCCF has been paying Interim Claims at the rate of approximately \$2 million per day. The GCCF records will show that the GCCF will pay Interim Claims for all eligible claimants who can substantiate their losses.

* * *

By agreement between the Administration and BP, a claims process will remain in place until August 2013. Claimants will decide the appropriate timing for filing claims. The GCCF will continue to seek improvements to the existing process and will pay claimants seeking Interim Payments, Quick Payments or Final Payments who can prove their losses were caused by the Oil Spill. The GCCF is determined to implement its mandate to provide quick and generous compensation to all the victims of the Oil Spill who can substantiate that their damages were linked to the Oil Spill. As the GCCF commences its second year of processing claims, it will continue to work with claimants and other interested parties in providing critically needed financial assistance to individuals and businesses in the Gulf region.