

Testimony of Kenneth R. Feinberg
Administrator, Gulf Coast Claims Facility

United States Senate
Committee on Homeland Security and Governmental Affairs
Subcommittee on Federal Financial Management

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Mr. Chairman:

I thank this Subcommittee for the opportunity to testify concerning the design, implementation and administration of the new Gulf Coast Claims Facility, with a mandate to compensate all eligible claims arising out of the oil discharges from the Deepwater Horizon spill on April 20, 2010. I have been asked by both the Administration and BP to administer a totally independent Claims Facility, which will evaluate, process and decide any and all claims from individuals and businesses impacted by the spill. I have been assured by both the Department of Justice and BP that the Facility will be, in fact, totally independent.

As you know, \$20 billion has been set aside by BP in an escrow fund to pay all eligible claims that are submitted to the Claims Facility. Hopefully, this \$20 billion will be sufficient to pay such claims. If it is not, it is my understanding that BP has agreed to pay additional eligible claims as needed to assure full and fair compensation to all individuals and businesses that are found to be eligible for payment. The entire cost of the Gulf Coast Claims Facility will be borne by BP, without any cost to the taxpayers or the citizens of the Gulf region.

I am now in the process of establishing the Claims Facility and hope to complete this initial phase of my work within the next few weeks. In the meantime, credit is due BP for its initial efforts in establishing an emergency claims process that has already paid over \$200 million in emergency payments to the victims of the spill living in Alabama, Florida, Louisiana,

Mississippi and Texas. My job will be made much easier because of these preliminary efforts by BP. There are already in place 36 regional claims offices to handle claims, and over 1,500 individuals currently working to process such claims. I believe the claims process can be accelerated and made more efficient and transparent; but BP has provided an important beginning on which to build a more effective Claims Facility.

I anticipate a diverse number of claims: removal and clean up costs by individuals or businesses; claims for damages due to physical injury to real or personal property; lost profits and lost earning capacity; loss of subsistence use of natural resources; and claims for physical injury/death. All of these claims will be considered on their individual merits and decisions concerning both eligibility and the calculation of awards will be made promptly, with maximum efficiency. It should be noted, however, that I am not presently authorized to consider and resolve any government claims, whether they be filed by federal, state or local governments or government agencies. These claims currently remain outside the scope of the Gulf Coast Claims Facility and continue to remain within the province of BP itself.

I have already been coordinating with the staff of this Subcommittee on a variety of issues: eligibility, calculation of damages, proving the submitted claim and the transparency of claims data. I have benefited from this staff input and look forward to working with this Subcommittee as I move forward in administering the claims process.

This written testimony is merely a summary of the work in which I am currently engaged. I will be pleased and honored to answer any questions from the members of this distinguished Subcommittee.