



**Governor's Office of  
Homeland Security &  
Emergency Preparedness**

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State of Louisiana News Desk #: 225.358.5361

**FOR IMMEDIATE RELEASE**

July 10, 2010

**DCFS Secretary Sends Letter to Federal Claims  
Administrator Requesting Claims Data and Transparency**

**BATON ROUGE, La.** - Louisiana Department of Children and Family Services Secretary Kristy Nichols sent a letter to federal BP claims administrator Kenneth Feinberg requesting access to substantive claims data, as well as the frequency with which it will be updated, in order to have a transparent claims process. The letter also outlined disturbing new trends in the processing of claims by BP, including the revelation that as of July 1, BP began decreasing payments to individuals whose claims files were incomplete.

The full text of the letter is below:

July 9, 2010

Mr. Kenneth R. Feinberg  
Feinberg Rozen, LLP  
The Willard Office Building  
1455 Pennsylvania Avenue, NW, Suite 390  
Washington, D.C., 20004-1008

Dear Mr. Feinberg,

The State of Louisiana continues to have serious concerns about access to substantive claim data, the overall BP claims process and how information is communicated to claimants. This is in addition to new disturbing trends in the way BP provides timely payments to businesses and individuals whose livelihoods have been severely impacted by the ongoing disaster occurring off the coast of Louisiana.

The state requests that you allow BP to provide access to substantive data, as well as a time line of when your office will be able to provide claims data to the State and the frequency with which it will be updated. This information is needed as soon as possible to ensure transparency in the claims process. BP has stated that the data is now under your control and cannot be released without your approval.

This request is urgent as we recently discovered that BP decided to decrease payments beginning July 1 to individuals whose claims files were incomplete. In a verbal response by a BP representative, they estimate that more than 40,000 of the 99,508 claimants in the coastal states may see a reduction in payments because of this change. BP did not inform officials in impacted states of the change in policy. The State needs to know if claimants were informed of this change in their payment amounts or if they will find out the hard way when payment checks are significantly smaller than expected.

It is rash for BP to make this decision without consulting the State to determine if there are alternative methods for obtaining the documentation in State records. If not

quickly rectified, the direct impact will be devastating to individuals surviving financially month-to-month. This action is irresponsible and in complete contrast to BP's repeated promise that they will "make things right." BP has negatively impacted these people's livelihoods as a result of the oil spill and has not kept pace with their needs.

This latest act reiterates the urgent need for transparency of the claims process. It was only after we noticed in the daily summary claims report on Thursday and inquired about a significant reduction in daily claims payments that we were informed by BP of the reduction in payments to claimants whose files are not complete.

Many of the affected claimants' available records are not acceptable in BP's documentation process and therefore cannot complete their case files. It is crucial that BP not continue to penalize these individuals and instead accept alternative forms of documentation, such as records held by the Louisiana Department of Wildlife and Fisheries.

In addition, BP informed the State on Thursday that it will begin adjusting claim payments based on the seasonal nature of fishing activities, which will also result in a decrease in payments. This latest news, added to the fact that many of these hard-working individuals and businesses have not received initial payments sufficient to cover all expenses, much less additional timely payments, will only add to the financial and mental strain already faced by this region.

Another issue recently identified is how shrimp, fish and oyster boat captains are classified by BP. Captains are small business operators who own their place of business (e.g., their vessels) and frequently owe large sums of money on those boats. However, BP classifies boat captains as individuals and does not take business expenses, including large monthly payments on the vessels, into consideration. This is especially significant because many captains were forced to buy new vessels after they were damaged or destroyed by hurricanes Katrina and Gustav. Monthly payments of \$5,000 are simply not sufficient to maintain timely payments on boats and continue to pay for living expenses incurred by small business owners.

We also have been contacted by a number of individuals who have received no assistance because BP has classified their claim as moratorium related. To date, BP has not decided how it will handle these types of claims. When the State asked BP how many claims fall into this category, representatives stated that the current design of their database does not allow them to identify that information. This is a significant flaw in the design of the system and one that must be corrected in the revised claims process. The moratorium is the direct result of the oil disaster and people affected should be adequately, accurately, and promptly compensated.

These new issues are in addition to the problems uncovered by our ongoing independent claims analysis, which shows significant gaps in BP's performance, especially when it comes to keeping up with incoming claims and issuing checks to claimants.

The State's third-party analysis, as we shared with you last week, indicates that the total number of reported claims rose steadily in June - a 170 percent increase. By the end of the month, the number of claims reported twice outpaced the number of payment checks issued each day. However, BP added only 441 additional claims adjusters to handle the increased number of claims bringing the total claims adjusters to 951, less than half of the increase seen in claims during the same period of time. Additionally, the analysis has shown that BP issued the most claims checks in the middle of June, with a spike that came within a week of additional pressure placed on BP by the State. Payments to large loss claimants show the same type of spike immediately after the state pressured BP regarding those claims. While it is regrettable that BP requires such pressure to do the right thing, the analysis demonstrates that State oversight of the claims process continues to be necessary to protect the public interest.

Louisiana has already suffered from the oil spill disaster more than any other Gulf Coast state. Our analysis continues to show the inefficacy of BP's claims process to

ease the suffering of Louisiana's residents. I eagerly look forward to working with you as we work to put these claims payments into the hands of Louisianans who are struggling because of the oil spill.

I look forward to seeing the requested timeline on providing claims data prior to your visit to Louisiana next week. We appreciate that you have accepted our invitation to hear directly from the people who have been affected by this ongoing disaster. I hope that as you spend more time on the ground, you will see just how widely devastating the oil spill is to the fishermen, businessmen and families of south Louisiana.

Sincerely,

Kristy Nichols  
Secretary  
Cc: Mr. Doug Suttles  
Chief Operation Officer  
BP Exploration & Production, Inc.  
200 Westlake Park Blvd  
Houston, Tx 77079