

Deepwater rig owner wants to pay workers a fraction of its own insurance payout

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Transocean, the owner of the Deepwater Horizon oil rig, filed a petition May 13 to limit its liabilities in the disaster to \$27 million, despite receiving \$560 million in insurance compensation.

As part of the request, Transocean will be allowed to consolidate all cases against it into federal court, and to put a stay on the over 100 cases being brought against it at the state and local levels. Eleven workers—most employed by Transocean—were killed in the April 20 blast, and at least 17 more were injured. Workers who escaped from the rig have claimed that the horrific event they witnessed caused them post-traumatic stress syndrome.

Regardless of whether Transocean is successful in limiting its liabilities, it stands to gain advantages from moving the cases to federal court, several of those familiar with maritime law told the World Socialist Web Site.

“Transocean will get to fight the case once, and they get control of the agenda,” said Martin J. Davies, a professor of maritime law at Tulane University. “They are trying to put a lid on the proceedings, just like BP is trying to do.”

“They have, in essence, robbed the claimants of the right to select their own venue,” said Steve Gordon of Gordon & Elias & Seely Maritime Lawyers, which represents victims and survivors of the disaster.

The filing would also bring down the statute of limitations for workers’ injury claims from three years to six months. “If workers from the Deepwater Horizon don’t file a claim by November 16, 2010, they won’t ever get the chance to do so,” said Gordon.

The request is being made in accordance with an obscure maritime law, the Limitation of Liability Act of 1851, a protectionist measure created to help build up the fledgling US merchant marine. It was designed to

keep ship owners from going bankrupt in the event of a disaster, by capping their liability to the value of the ship and its cargo.

Nearly 160 years later, the law’s effect is entirely different. “It is simply being used to protect multinational companies from paying their workers,” said Davies.

“The drafters of that law never even contemplated a vessel like the Deepwater Horizon, and they certainly never contemplated that one vessel could destroy a body of water,” added Gordon.

Although the maximum compensation was intended to correspond with the value of the ship, Davies said that the figure of \$27 million was calculated as a standard multiple of the rig’s tonnage, since the rig is not recoverable. This is despite the fact that Transocean will receive \$560 million in insurance payments for the rig, of which over \$400 million has already been paid over.

Transocean’s goal will be to show that it was not guilty of negligence in relation to the explosion, said Davies. If the court finds that the captain of the rig, or a Transocean executive, was at fault, then they won’t be able to limit their liability. But if it finds one of the lower-ranking employees to be responsible, then the damages paid by Transocean will be capped at \$27 million.

This cap includes all legal claims against Transocean relating to the event, including property damage claims, environmental damage claims, and wrongful death claims. Gordon said he doubts that Transocean will succeed in its effort, “but if they were successful, it would be a complete travesty,” he said.

“\$27 million is ridiculously low,” said Gordon. “Transocean are the only ones who have ever gotten any money from the disaster. Why don’t they at least

take part of that \$560 million they're getting for the rig and give it to their workers?"

At the end of last year, Transocean, the world's largest offshore drilling contractor, had over one billion dollars in cash and cash equivalents, as well as \$36 billion in other assets.

"This filing means that Transocean does not believe that it should fully compensate the people who lost their lives and were injured, even though they have already accepted over \$400 million in insurance payments," said Jeff Seely, also from Gordon & Elias & Seely Maritime Lawyers. "That is the very definition of injustice."

Transocean is set to realize a \$270 million "accounting gain" from the explosion, since it insured the Deepwater Horizon at a higher value than what it cost to build, according to a statement by executives. It also announced on Friday that it would distribute \$1 billion in dividends to shareholders.



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