

# GM ignition defect death claims continue to mount

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To date General Motors has received 107 death claims relating to an ignition defect tied to numerous fatal crashes. The ignition switch on a number of GM models can easily slip out of the “run” position, killing power to the engine.

Throughout the crisis GM has held fast to its claim that only 13 deaths can be tied to the ignition defect. The rising number of death claims belies this figure.

The unexpected cutoff of engine power in the Chevrolet Cobalt, Saturn Ion and other models can lead to loss of control of the vehicle due to power steering failure. In addition, air bags will not deploy in the event of a crash if the engine is not running.

In the wake of the scandal GM set up a compensation fund to handle death and injury claims from accident victims. The fund was largely a public relations effort. Further, by setting up the fund the company hoped to cut its overall compensation costs by preempting potentially costly jury awards.

The fund began accepting applications August 1. However, Kenneth Feinberg, the administrator of the fund, established very narrow parameters for eligibility. Only front impact crashes where airbags failed to deploy were to be considered. Further, it is up to claimants to submit proof the ignition defect caused airbag non-deployment.

Jonathan Michaels, a California attorney who represents several GM accident victims, told the WSWs he didn’t find it surprising the number of death claims had reached triple digits. “I found the number 13 to be artificially low. A large part has to do with how they are tallying deaths. They have gone to great lengths to keep the death toll at a low figure.”

“I suspect the number will grow substantially,” he added. “There are still four more months to submit claims.”

GM’s cover-up of the ignition defect was exposed due to the determined efforts of the families of accident victims, particularly the family of Brooke Melton of Georgia. Evidence uncovered in court depositions pointed to the fact that GM had known of the problem for more than a decade, but never alerted customers or issued a recall. Melton’s death is not included in GM’s death count because her vehicle was involved in a side-impact crash.

GM has only set aside \$400 million for the compensation fund, a paltry amount, and a fraction of the company’s annual profits. At the same time the company has sought to use the 2009 bankruptcy shield to nullify outstanding lawsuits related to economic losses.

Michaels said he felt the \$400 million figure was not reasonable. He noted, “If you take a death claim, the base payout is \$1 million. Then there are potential earnings over the rest of the victim’s life. One death could run to \$5-10 million. That doesn’t say anything about those who are in a wheelchair or a coma.”

Earlier this month GM failed in its effort to quash a lawsuit brought by the Melton family. The young woman’s family initially reached a settlement with GM late last year, before the issue of the recall. The Meltons then sought to reopen the lawsuit on the grounds that GM lied when it claimed it knew nothing of the ignition defect.

Since the ignition switch recall GM has issued scores of recalls involving close to 30 million vehicles. The vast bulk of these recalls are excluded from its victims compensation fund. This includes some 10 million vehicles with ignition switch problems, where, like the Ion and Cobalt, the key can unexpectedly shift out of the “run” position and shut off power to the engine.

According to a GM spokesman there have been three

crashes and two fatalities involving the Chevrolet Impala. GM admits it cannot be ruled out that the ignition switch caused the airbags not to deploy. The Impala is not one of the models included in the victims compensation fund. GM claims the company did extensive testing of cars with ignition problems. Its spokesman said “that nothing suggested that it was warranted” that other models be included in its victims program.

In April GM released the results of an internal investigation that was largely a whitewash. It shifted the blame for the delayed recall onto the shoulders of mid- and lower-level management, shielding top executives. In the wake of the report, GM CEO Mary Barra fired 15 employees and declared the case essentially closed.

The National Highway Traffic Safety Administration (NHTSA), meanwhile, imposed a token \$35 million fine on the automaker and declared its investigation over. The penalty amounted to about two days revenue for the giant automaker.

Subsequently the US Justice Department launched civil and criminal investigations of the GM cover-up. Federal prosecutors are reportedly looking into the possibility that GM’s legal department withheld evidence from the NHTSA about the ignition defect. Indeed, even GM’s own investigation determined that knowledge of the problem was widespread in the company. However, managers made a decision to classify the ignition defect as a “customer satisfaction” issue, not a safety defect.

The federal probe follows the release of a GM internal memo that faulted company attorneys for failing to notify other managers about lawsuits over deaths and injuries related to the ignition defect.

GM’s General Counsel Michael Milliken was criticized during congressional hearings into the recall scandal for the evident complicity of the legal department in abetting the cover-up. Those later fired by Barra included three relatively low-level GM attorneys.



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