

Death claims mount from GM ignition defect

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The number of death claims approved by the General Motors victims' compensation fund has risen to 27 in relation to the more than decade-long cover-up by the automaker of a deadly ignition defect in several of its lower-cost models.

The number is more than double the 13 deaths that GM has acknowledged were related to the ignition defect. To date the compensation fund has received 178 death claims in advance of a December 31 deadline.

Claims for "Category One" injuries stand at 85. This includes accidents resulting in quadriplegia, paraplegia, double amputation, permanent brain injury or pervasive burns. There have also been 1,108 claims for lesser injuries. To date only 4 "Category One" claims have been approved and 21 claims for lesser injuries. The fund has meanwhile rejected about 40 claims.

GM set up the victims' compensation fund last summer in an effort to forestall costly lawsuits related to the defect. The fund is being administered by attorney Kenneth Feinberg, who oversaw compensation for the victims of the 9-11 terrorist attacks and the BP oil spill. If crash victims agree to the payout offered by Feinberg, they must give up their right to sue GM.

Feinberg established strict guidelines for the fund, insisting that victims prove that their injuries stemmed from an accident where airbags did not deploy in one of the 2.6 million vehicles recalled by GM earlier this year. This criterion excludes other models with similar ignition problems, which were not included in the recall. Despite this, Feinberg's office has been getting about 100 claims a week.

According to a formula established by Feinberg, the fund will pay at least \$1,000,000 for each death along with \$300,000 to surviving spouses and children for pain and suffering. Those who suffered injuries will receive lesser amounts. Any additional payouts will be based on an economic calculation of the "value" of the life lost.

Based on this formula, GM expects to spend about \$400 million on claims, a tiny fraction of its yearly revenue. For the giant automaker this sum represents merely a cost

of doing business.

In February, GM ordered a recall of Chevrolet Cobalts, Saturn Ions and several other models with faulty ignition switches. The ignition on these vehicles could be easily jarred out of the "run" position, killing power to the engine and disabling equipment like power steering and airbags.

Internal documents reveal that GM knew of the problem for at least a decade but did not warn customers or order a recall. Meanwhile, deaths and injuries mounted. In April, GM issued the results of its own internal investigation, which was largely a whitewash. It shielded top management, instead scapegoating a number of lower-level employees. As a consequence, 15 staff were fired, but no other action taken.

For its part, the National Highway Traffic Safety Administration (NHTSA), the government regulator of vehicle safety, levied a token \$35 million fine, the maximum allowed by law, and declared its investigation closed. NHTSA documents show that the federal government agency was aware, at least by 2007, of crashes involving now recalled GM vehicles in which airbags failed to deploy and the ignition was in the "off" position. However, it did not order a recall, which it had the legal right and obligation to do.

In testimony before Congress, GM CEO Mary Barra generally refused to answer questions put by members of the panel. However, no one suggested that the GM chief be held in contempt of Congress. In the end, Congress imposed no sanctions on the company, despite its manifest complicity in a massive cover-up.

In all likelihood the death toll for the ignition defect is much higher than officially acknowledged. An independent review of federal crash data by the consumer group Center for Auto Safety showed that 303 people died in crashes where airbags failed to deploy in two of the now recalled models, the Cobalt and Ion.

In a court action filed Tuesday in Federal District Court in Manhattan, lawyers in a class action suit against GM broadened their case, claiming that the automaker

systematically covered up safety defects in its vehicles beyond the issues raised with the faulty ignition switches. The complaint alleges GM was so focused on cost cutting in the wake of its 2009 bankruptcy that it “produced an inordinate number of vehicles with serious safety defects.”

GM has now issued more than 75 recalls in 2014 covering a record of more than 30 million vehicles worldwide. The recalls involve a wide range of defects including critical issues such as airbag deployment and power steering.

The class action suit served to consolidate 68 cases by owners of newer model GM vehicles seeking economic damages for the lost value of their cars. The suit alleges that GM officials, up to and including now GM CEO Mary Barra, were aware of defects but chose to cover them up. The plaintiffs are seeking more than \$10 billion in damages.

The suit only applies to vehicles purchased after July 10, 2009. Under terms of its bankruptcy settlement, GM is shielded from litigation stemming from issues before the government ordered bankruptcy. A federal judge is considering whether GM committed fraud by failing to disclose potential liabilities from the ignition defect. GM has waived the bankruptcy shield in relation to the victims’ compensation fund.

The filing asserts that Barra, while head of product development, suppressed information about serious safety defects in GM vehicles. The suit alleges, “New GM’s claim that the defects were known only to lower-level engineers is false. For example, current CEO Mary Barra, while head of product development, was informed in 2011 of a safety defect in the electronic power steering of several models. Despite 4,800 consumer complaints and more than 30,000 warranty repairs, GM waited until 2014 to disclose this defect,” the suit declares.



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