



BP's Oil Spill Claims Process: How to Get Company Reimbursement for a Rental Loss or Permanent Loss in Property Value

By now everyone has heard of the BP oil spill and the ensuing mess in the Gulf of Mexico. However, you may not be aware that you can submit a claim for lost rental income or permanent loss in value related to rental properties that you may own. We will provide some guidance regarding the claims process and what to expect from BP and the claims administrator.

How do I file a claim?

There are three ways that you can file a claim. You can fill out a [claim form](#) and mail it in to the Gulf Coast Claims Facility (GCCF). You can fill out a claim form [online](#). Or, you can visit a [claims facility](#) in person. Regardless of the manner in which you file a claim, you must submit a claim form and substantiation of your loss. Section C of the claim form deals with "Lost Earnings or Profits" and is the appropriate section for rental losses. Exhibit A, Section IV lists the supporting documents needed for losses related to a rental business. Section B of the claim form addresses permanent loss in property value. Exhibit A, Section II explains which supporting documents are needed. We would suggest filling out the claim form and mailing it in along with the substantiation so that your entire claim package is submitted at once, making the process faster and more efficient.

What sort of substantiation is required?

The biggest hurdle to reimbursement for rental losses will be the need to substantiate your loss. There are numerous ways to do this and we would recommend that you err on the side of including more information rather than less. The starting point is determining

your weekly or monthly losses. The claims administrator will require proof of previous rental income, occupancy records, sales records, specific business losses, any efforts to mitigate these losses, proof of cancellations and financial statements. Gathering these records certainly sounds like a lot of trouble; however, anyone that rents on a regular basis should have access to many of these records.

When substantiating permanent loss of property value it is essential that you prove the loss in value. In this instance, if you have actually sold the property you may submit a claim for the difference between the property value before the spill and the lower price you received from sale after the spill. Otherwise, if you plan to hold onto your property, an appraisal could be used to argue for a lower current fair market value. Either way, you need to demonstrate that a specific economic loss occurred.

What can I expect once I file a claim?

Kenneth Feinberg, the Administrator of the GCCF, has recently taken over the claims process and has distributed over \$400M in a five week period. Just for reference, it took BP four months to pay out \$400M. That being said, claims have been processed much faster in recent weeks. The GCCF will contact you with questions regarding your substantiation or to request additional records. In late July, when BP was still handling the claims, it took an average of five days for individuals and nine days for businesses with approved claims to be paid. Once your claim has been submitted, you can check the status of your claim [online](#). Also, if you receive a payment that you think is insufficient, you can appeal your claim to a three member panel.

What else do I need to know?

If you file a claim for a long-term settlement, rather than for monthly emergency payments, and accept their money, you then give up your right to sue BP at a later date. This is because a long-term settlement is defined as compensation for all of your losses including projected future damages.

For more information, contact Joseph C. Skalski, CPA, JD at 770-671-1533, ext. 219, jskalski@largeandgilbert.com or Matthew S. Kaynard, JD at 770-671-1533, ext. 209, mkaynard@largeandgilbert.com