

Transocean Moves to Cap Oil Spill Damages to Preserve Insurance

May 14, 2010

Transocean Ltd, owner of the Deepwater Horizon rig that exploded and sank last month killing 11 people, wants to limit its liability for the accident to about \$27 million, according to a U.S. court filing Thursday.

With analysts anticipating many years of legal jostling related to the Horizon disaster, Transocean is seeking to set an upper limit on the damages that might arise from more than 100 lawsuits already filed against the company.

Transocean said its liability under federal law should be limited to the value of its interest in the rig and its freight, including accounts receivable as of April 28, or \$26,764,083, the document filed in U.S. District Court in Houston said.

The company, which had said last week that it was in "reasonably fluid" negotiations to renew its insurance for another year, said in a statement on Thursday that it was seeking the protection under the U.S. Limitation of Shipowner's Liability Act at the instruction of its insurers and to preserve insurance coverage.

"This step is necessary to protect the interests of its employees, its shareholders and the company," Transocean said in the statement.

A lawyer for one of the workers who has been missing since the rig exploded called the company's filing "shameful" and "frivolous."

"They haven't even said they're sorry, much less taken responsibility," maritime lawyer Kurt Arnold, who is representing the family of Aaron Dale Burkeen, said in a statement. "Now, they're running off to court in hopes of getting a ruling that will limit their liability to what is on the bottom of the ocean."

The complaint also asked for an injunction restraining lawsuits against Transocean and its affiliates in jurisdictions other than the Southern District of Texas.

Transocean, based in Zug, Switzerland, has said that more than 100 lawsuits have been filed against it in a number of states and courts.

The rig sank in the U.S. Gulf of Mexico on April 22 after a well blowout on April 20 caused an explosion on board the vessel. Crude is still gushing from the well in one of the worst environmental disasters in U.S. history.

(Reporting by Anna Driver in Houston and Braden Reddall in San Francisco; Editing by Phil Berlowitz)

Copyright 2010 Reuters.

Read more:

<http://www.insurancejournal.com/news/national/2010/05/14/109849.htm#ixzz0oIxz19Sk>