

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

**COMMITTEE ON FINANCE
MINUTES**

Thursday, October 21, 2010

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THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES OF COMMITTEE ON FINANCE

225 Park Avenue South

New York, NY

Thursday, October 21, 2010

PRESENT:

Hon. Henry R. Silverman, Chair
Hon. Anthony R. Coscia, Vice-Chair
Hon. H. Sidney Holmes III
Committee Members

Hon. David S. Steiner
Commissioner

Christopher O. Ward, Executive Director
Darrell B. Buchbinder, General Counsel
Karen E. Eastman, Secretary

Veronica M. Biddle, Assistant Treasurer
A. Paul Blanco, Chief Financial Officer
Jennifer Friedberg, Public Information Officer, Media Relations
Julian M. Malloy, Senior External Affairs Representative, Government and Community Affairs
James E. McCoy, Manager, Board Management Support, Office of the Secretary
Sanjay S. Mody, Advisor to the Chairman
Anne Marie C. Mulligan, Treasurer
Monika A. Radkowska, Board Management Support Specialist, Office of the Secretary

The Committee meeting was called to order by the Chair at 11:04 a.m. and ended at 11:27 a.m.

Action on Minutes

The Secretary reported that the Minutes of the meeting of May 18, 2010 had been signed and distributed to the Commissioners.

Whereupon, the Committee approved the Minutes of the meeting of May 18, 2010.

PURCHASE OF PUBLIC LIABILITY INSURANCE

It was recommended that the Committee on Finance (Committee) authorize the purchase of public liability (Liability) insurance through the broker, Marsh USA, Inc. (Marsh), with appropriate available limits, self-insured retentions and other terms, including coverage for losses arising from acts of terrorism, for all facilities of the Port Authority and its wholly owned entities for a one-year term, effective October 27, 2010, at an estimated premium of \$21.5 million. The estimated cost would provide for the purchase of terrorism coverage under the federal Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA) through the Port Authority Insurance Captive Entity, LLC (PAICE), and is inclusive of any premium that would be paid to PAICE. The Executive Director, the Chief Financial Officer, the Director of Procurement or the Treasurer each would be authorized to take action to effectuate the Liability insurance purchase. This insurance is necessary to protect the Port Authority and its wholly owned entities against potential losses related to bodily injury and property damage claims or suits brought by third parties.

At its February 19, 2009 meeting, the Committee authorized a brokerage agreement with Marsh for a three-year term, effective March 1, 2009, to provide brokerage services, including placement and administration, for the property damage and loss of revenue and the Liability insurance programs, subject to annual approval based on satisfactory performance, at a total combined fee of \$2,331,491.

At its October 22, 2009 meeting, the Committee authorized the purchase of Liability insurance on similar terms for a one-year term, effective October 27, 2009, at an estimated premium of \$23 million. The program subsequently was placed at a total cost of approximately \$21.5 million.

The estimated premium reflects current market conditions, as well as the Port Authority's experience, and assumes the purchase of insurance at the limits of the expiring program. It is expected that the Port Authority will: (1) retain the underwriters that are presently providing coverage and solicit additional insurers to participate, to better leverage pricing of the insurance layers; and (2) utilize PAICE, the Port Authority's captive, in order to gain additional capacity and pricing considerations, particularly with regard to terrorism coverage under TRIPRA.

The Committee has power to act in this matter under Article VIII, Section B(3) of the By-Laws.

Pursuant to the foregoing report, the following resolution was adopted by the Committee with Commissioners Coscia, Holmes and Silverman voting in favor; none against:

RESOLVED, that the purchase of public liability insurance, through the broker Marsh USA, Inc., including coverage for losses arising from acts of terrorism, for all facilities of the Port Authority and its wholly owned entities, for a one-year term, effective October 27, 2010, at an estimated premium of \$21.5 million, substantially in accordance with the terms outlined to the Committee, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director, the Chief Financial Officer, the Director of Procurement and the Treasurer be and each hereby is authorized, for an on behalf of the Port Authority, to take action to effectuate the foregoing; and it is further

RESOLVED, that all documents required to effectuate the foregoing shall be subject to review by General Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Secretary