

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**

**COMMITTEE ON FINANCE  
MINUTES**

**Thursday, October 18, 2012**

Action on Minutes	1
Purchase of Public Liability Insurance	2

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**

**MINUTES OF COMMITTEE ON FINANCE**

**225 Park Avenue South**

**New York, NY**

**Thursday, October 18, 2012**

**PRESENT:**

Hon. Richard H. Bagger, Chair  
Hon. Jeffrey H. Lynford, Vice-Chair  
Hon. H. Sidney Holmes III  
Hon. Raymond M. Pocino  
Hon. William P. Schuber  
Committee Members

Hon. Jeffrey A. Moerdler  
Commissioner

Darrell B. Buchbinder, General Counsel

Heavyn-Leigh American, Associate Board Management and Support Specialist, Office of the Secretary

Veronica M. Biddle, Assistant Treasurer

Steven J. Coleman, Deputy Director, Media Relations, Public Affairs

Michael G. Fabiano, Chief Financial Officer

John H. Ma, Chief of Staff to the Executive Director

James E. McCoy, Manager, Board Management Support, Office of the Secretary

Anne Marie C. Mulligan, Treasurer

Richard Rebisz, Staff External Relations Representative, Government and Community Affairs

Guest:

Nicole Crifo, Senior Counsel, Authorities Unit, Office of the Governor of New Jersey

The Committee meeting was called to order in public session by Commissioner Bagger at 10:09 a.m. and ended at 10:13 a.m. The Committee met in executive session prior to the public session.

**Action on Minutes**

General Counsel reported that the Minutes of the meeting of June 28, 2012 had been signed and distributed to the Commissioners.

Whereupon, the Committee approved the Minutes of the meeting of June 28, 2012.

## **PURCHASE OF PUBLIC LIABILITY INSURANCE**

It was recommended that the Committee on Finance (Committee) authorize the purchase of public 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 related entities for a one-year term, effective October 27, 2012, at an estimated premium of \$20 million. The estimated premium includes amounts payable to the Port Authority Insurance Captive Entity, LLC (PAICE) for the purchase of terrorism coverage under the federal Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA) through 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 purchase of liability insurance to protect the Port Authority and its related 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, at a total combined fee of \$2,331,491. Based on Marsh's satisfactory performance, the Port Authority exercised the option to extend the agreement with Marsh for an additional three-year term, subject to review concurrent with each year's insurance authorization, at a total combined fee of \$2,516,182 for such period.

The estimated premium reflects current market conditions, as well as the Port Authority's [loss] experience, and assumes the purchase of insurance at the limits of the expiring program (which was placed at a total premium of approximately \$20.5 million). It is expected that the underwriters that are presently providing the liability insurance coverage will continue to participate, and that additional insurers will be added to the program, to better leverage pricing of the various insurance layers, and that PAICE also will participate in the liability insurance coverage, 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 and pursuant to the By-Laws and its Charter.

Pursuant to the foregoing report, the Committee adopted the following resolution, with Commissioners Bagger, Holmes, Lynford, Pocino and Schuber voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Committee being present.

**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 related entities, for a one-year term, effective October 27, 2012, at an estimated premium of \$20 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 and 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.

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General Counsel