

Port Authority Insurance Captive Entity, LLC

Committee on Finance

2012 Status Update

December 6, 2012

PAICE - Brief History & Accomplishments

- **Incorporation: October 2006 - Washington, DC**
- **Accomplishments:**
 - **Reduced Premium Paid to Commercial Markets - \$164.8 Million between 2006 - 2012**
 - **Increased Insurance Limits & Expanded Coverage**
 - **All Risk Property Coverage Increased from \$600 Million to \$1.518 Billion between 2006-2012**
 - **Increased Terrorism Coverage through PAICE and TRIPRA**
 - **WTC VSC Extension-No Direct Premium Cost to PA-August 2012**
 - **Growth of Initial PA Investment - \$8 million in 2006 grown to \$127 million as of July 31, 2012**
 - **Risk assumption remains aligned with financial capabilities**

PAICE - Annual Update on Activities

- **PAICE – Board of Directors Meeting**
 - Annual meeting held August 16, 2012 in Washington, DC.
- **2011 Audited Financial Statements - December 31, 2011**
 - Underwriting Income: \$14.7 million
 - Net Income: \$17.9 million
 - Total Assets: \$233 million
 - Total Members Equity: \$127 million
- **2011 Actuarial Opinion - December 31, 2011**
 - Gross Reserves: \$50.3 million
- **Department of Insurance, Securities and Banking Examination – Washington D.C.**
 - Audit from inception through December 31, 2010 received a “Clean Opinion”

PAICE - Annual Update on Activities

Status as of July 31, 2012

- **Investments**

- **Investment Policy: Government Securities plus AA or better Corporate Stocks**
- **Cash and Investments: \$177.3 million**
- **Investment Income: \$1.2 million (\$1.62M as of 10/31/12)**

- **Current Insurance Policies**

- **Property and Liability: Terrorism coverage**
- **Fronting - Property and Loss of Revenue**
- **CIP: Primary layers - Workers' Compensation & General Liability**
- **WTC OCIP Extensions – All Projects Terrorism; HUB Fronting - Builders Risk; VSC Fronting - Builders Risk and General Liability**

PAICE - Annual Update on Activities

- **Claims**
 - **No Terrorism Claims**
 - **CIP: 109 Open Workers' Compensation claims**
35 Open General Liability claims
- **Potential New PAICE Coverage Participation**
 - **Non-Aviation Public Liability Renewal-October 27th:**
 - **Gap Coverage and/or Layer Participation- Leverage to Reduce Premium Increases**
 - **Other Coverage Participation: TBD**