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STATE ACHIEVES \$2 BILLION SETTLEMENT OF OUTSTANDING WORLD TRADE CENTER INSURANCE CLAIMS

Governor Eliot Spitzer and State Insurance Superintendent Eric R. Dinallo announced today that Silverstein Properties and seven insurance companies have reached a \$2 billion settlement of all outstanding insurance claims arising from the destruction of the World Trade Center. The agreement, the largest in regulatory history, ends almost six years of legal battling and removes the last major obstacle to development at Ground Zero.

With these insurance claims resolved, Silverstein Properties and the Port Authority can now obtain the necessary financing and meet the aggressive construction schedule that all agreed was essential for the rebuilding of Ground Zero. This agreement, negotiated by the Insurance Superintendent and the Governor, reflects the Spitzer Administration's commitment to World Trade Center redevelopment as a top priority, and will ensure that all parties have the necessary resources available to make the World Trade Center a symbol of New York's global commercial leadership.

Silverstein Properties, Inc. leased the World Trade Center from the Port Authority in July 2001. When the planes destroyed the twin towers on September 11, insurance policies for the Trade Center had not been finalized. Suits were filed in October 2001 to resolve disputes over how much the insurance companies owed. The courts eventually determined that the most Silverstein Properties could collect was \$4.68 billion. Until now, the insurance companies have paid about half of that total, leaving the remaining sum in dispute.

Beginning in late March, Superintendent Dinallo held dozens of meetings with Silverstein Properties and the insurance companies. This month, when several outstanding issues remained unresolved, Governor Spitzer became personally engaged in the negotiations.

The insurance companies involved in today's settlement are:

- Travelers Companies, Inc.
- Zurich American Insurance Company
- Swiss Reinsurance Company
- Employers Insurance Company of Wausau
- Allianz Global Risks US Insurance Company
- Industrial Risk Insurers (now owned by Swiss Reinsurance Company)
- Royal Indemnity Company

As part of the agreement, Silverstein Properties and the insurance companies have signed confidentiality agreements requiring that specific amounts paid by each company will not be disclosed. The total for all seven companies is \$2 billion. These agreements settle all outstanding court cases and related proceedings.

In September 2006, Silverstein Properties and the Port Authority achieved a global agreement for comprehensively rebuilding the World Trade Center site. The agreement called for the Port Authority to construct Towers 1 and 5, for Silverstein Properties to construct Towers 2, 3 and 4 along the eastern portion of the site, and for the Port Authority to prepare the "East Bathtub" foundation for construction of those towers. In order to help finance this rebuilding, Silverstein Properties and the Port Authority agreed to a split of the remaining insurance proceeds of approximately 56% to Silverstein and 44% to the Port Authority.

The two sides have spent hundreds of millions of dollars on legal fees and other court-related costs. The

agreements will save additional tens of millions in legal costs and allow the Port Authority and Silverstein Properties to focus on rebuilding at Ground Zero.

The following individuals have been integral in helping to reach this agreement: Assembly Speaker Sheldon Silver fostered a discussion of the insurance issue at his hearings and sent letters to insurers; Senator Chuck Schumer sent letters to insurance companies and pressed for Senate hearings on this matter; Congressman Anthony Weiner was one of initiative's first political advocates and not only sent letters to Insurance Commissioners urging their involvement but also got the rest of New York delegation to join him; Assemblyman Adriano Espaillat and Senator Frank Padavan sponsored legislation in support of resolving this issue; Comptroller Bill Thompson sent repeated letters to the insurers, Councilman Alan Gerson held Council hearings and sent letters to insurance companies.

Many others, both in and out of government, have played an important role in the outcome of this monumental agreement including Senator Hillary Clinton, Speaker Christine Quinn, Public Advocate Betsy Gotbaum, Congressman Jerry Nadler, Congresswoman Carolyn Maloney, Congressman Steve Israel, Congressman Vito Fossella, Local 32-BJ and the Building Trades.

"It is essential that the rebuilding at the World Trade Center site proceed as quickly as possible," said Governor Spitzer. "The unsettled insurance claims were the last major barrier to rebuilding and have been bitterly and intensely contested for almost six years. The settlement is the result of an extensive collaborative effort by many and it ensures that the Port Authority and Silverstein Properties will have the financial resources to meet their obligations and rebuild at the World Trade Center site in a way that will make all New Yorkers proud and fuel the revitalization of Lower Manhattan."

Superintendent Eric Dinallo said, "When Governor Spitzer took office, he promised to get things moving at Ground Zero. Today we are seeing the fruits of that promise. At Ground Zero steel is rising and a global settlement of all outstanding insurance disputes has been reached. This is government at its best, working with industry to solve a problem, rather than using the courts or fines or other adversarial procedures. This case highlights the essential role that insurance plays in modern society. If not for the private insurance industry providing a substantial portion of the funding to rebuild from this vicious terrorist attack, the entire cost could have been left to taxpayers. I would like to thank the leaders of the seven insurance companies, Mr. Silverstein, the lawyers for all sides and especially retired Judge Albert Rosenblatt for working with us to quickly resolve these difficult issues. I would also like to thank Delaware Insurance Commissioner Matthew Denn for his diligent efforts in helping to resolve the claims, while ensuring the financial viability of Arrowpoint in the future."

Port Authority Executive Director Anthony E. Shorris said, "We're pleased that an agreement was reached to allow the rebuilding at the World Trade Center site to continue uninterrupted. We have made tremendous progress in the past year, and this will ensure that the momentum continues. We all owe a special thanks to Governor Spitzer and Superintendent Dinallo whose leadership was so critical to finally bring this deal to a close."

Port Authority Chairman Anthony R. Coscia said, "A year ago, the Port Authority assumed the enormous responsibility to build the World Trade Center Memorial, Transportation Hub and Freedom Tower. That commitment also requires us to protect our public investment in these projects by ensuring that the appropriate level of insurance proceeds are recovered. I'd like to thank Governor Spitzer and Insurance Superintendent Dinallo for assisting us in settling these issues so the vision we have for the site will be realized."

World Trade Center developer Larry A. Silverstein said, "Governor Spitzer and Superintendent Dinallo deserve huge credit for recognizing the importance of settling all outstanding insurance issues, and their tireless work made sure we got it done. This agreement puts to rest the last uncertainty about the World Trade Center redevelopment, and will allow rebuilding to continue moving full steam ahead. I am enormously grateful to the Spitzer Administration and the many other government leaders who have pushed for an equitable insurance resolution over the past five and a half years – especially Assembly Speaker Shelly Silver, Senators Chuck Schumer and Hillary Clinton, Mayor Michael Bloomberg, Congressman Anthony Weiner, Congressman Jerry Nadler, Councilman Alan Gerson and Comptroller Bill Thompson."

Member of the Executive Committee of Swiss Re and Chairman of Swiss Re America Holding Corp., Roger W. Ferguson, Jr. said, "Swiss Re is grateful to Governor Spitzer and Superintendent Dinallo for their successful efforts to bring all parties together for this historic settlement. This agreement fairly and conclusively resolves all disputes involving Swiss Re's WTC coverage. Swiss Re is proud that its settlement proceeds will be used to finance the rebirth of Lower Manhattan under Governor Spitzer's leadership."

Claims Crisis Coordinator of Allianz Group, Dr. Andreas Shell said, "Allianz is pleased that this complex and difficult claim has been brought to a conclusion. We, along with the nation and especially the residents of New York, look forward to seeing the rebuilding of the World Trade Center site."

