

Zelle Hofmann Lawyers Win Significant 9/11 Insurance Ruling

February 22, 2008

In a February 22, 2008 ruling, the New York federal court granted a broad judgment in favor of Zelle Hofmann's client with respect to the insurance claims made by the Port Authority of New York and New Jersey after the 9/11 terrorist attack.

Zelle Hofmann's client, one of the world's largest insurers, underwrote more than \$350 million of the Port Authority's \$1.5 billion standalone property insurance program in effect on 9/11. This program provided insurance for the Custom House building and PATH train station at the World Trade Center. However, in response to rulings in the separate Silverstein 9/11 Insurance Coverage litigation, the Port Authority argued that its standalone program should also provide coverage for the 9/11 damage to the World Trade Center property leased to Silverstein Properties, including the Twin Towers. The Port Authority made this claim despite Silverstein Properties' contractual obligation to rebuild the World Trade Center and despite the fact that the Port Authority and Silverstein Properties were separately insured for this property under a different program.

Zelle Hofmann's client moved for summary judgment on this issue, and on February 22, 2008, Judge Barbara Jones, of the United States District Court for the Southern District of New York granted the motion in its entirety. The Court's written opinion relies on an exclusion in the Port Authority insurance for property where another party has indemnified the Port Authority for the loss. Citing Silverstein Properties' contractual obligation to rebuild the World Trade Center and other arguments advanced by Zelle Hofmann on its client's behalf, the Court ruled that the Port Authority is indemnified by Silverstein Properties for the loss of the World Trade Center property leased to Silverstein and therefore cannot recover for the same damage under its standalone insurance. Although other issues remain to be resolved in the Port Authority claim, this ruling resolves the major issue in the pending lawsuits in the insurers' favor.

Zelle Hofmann lawyers involved in this matter include Lawrence T. Hofmann, Richard L. Voelbel, Paul Sullivan, Seth V. Jackson and Kristin Suga Heres.