

NEW YORK POST

WTC INSURE FUND MAKES A TOXIC \$350M 'BLUNDER'

By SUSAN EDELMAN

August 12, 2007 -- The city-run \$1 billion fund for claims by sick 9/11 responders has "screwed up" by failing to lock up at least \$350 million in coverage, lawyers charge.

The WTC Captive Insurance Co., run by the Bloomberg administration, failed to promptly notify insurers for the city's Ground Zero contractors that they could be on the hook for claims, the lawyers allege.

Dozens of those insurers now say notice came too late for them to honor policies for millions of dollars in coverage for injured workers.

The city may have now blown its chance to collect some \$350 million in primary coverage for 9/11 workers with respiratory illness, cancer and other diseases from toxic exposure.

"Their failure jeopardizes the ability to get the full compensation available for these heroes," said Paul Napoli, a lawyer for 10,000 cops, firefighters and other workers.

"What a screw-up," said Napoli. "It's a major goof."

Napoli has written to attorneys for the Captive, which manages \$1 billion in 9/11 aid funded by Congress, threatening to sue them for malpractice.

"We believe that both you and the Captive . . . are potentially liable for the amount of lost coverage," Napoli wrote. The Captive lawyers should have coordinated the notification of all insurance companies, he said.

Many of those companies say they got first notice only recently - some as late as last month - years after the first lawsuits were filed.

James Tyrrell, of Patton Boggs, a law firm that has collected millions in fees from the federal fund, denied any missteps.

In a statement to The Post, Tyrrell said that while his firm defends the contractors, it has no responsibility to notify their insurance companies.

But David Worby, a lawyer for the workers, charged Tyrrell is not doing his job: "His responsibility is to get as much insurance coverage as possible and to compensate the victims."

The Captive recently sued several insurance giants, including Liberty Mutual and Lloyd's of London, for refusing to honor policies or to pay to defend more than 8,000 suits, forcing the Captive to spend millions more in taxpayer funds.

Sen. Patrick Leahy (D-Vt.), chairman of the Judiciary Committee, and ranking member Sen. Arlen Specter (R-Pa.), have threatened to hold hearings on the Captive.

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