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Feds Probe Sept. 11 Insurance Fund

By DEVLIN BARRETT – 18 hours ago

WASHINGTON (AP) — Federal officials said Monday they will investigate why a \$1 billion Sept. 11 insurance fund created by Congress to cover claims of sick ground zero workers is fighting the cases in court rather than distributing money.

The World Trade Center Captive Insurance Company has come under increasing scrutiny from Congress and the federal government, as roughly 8,000 individual claims await judgment in the federal court system.

The inspector general for the Homeland Security Department indicated he intends to examine the issue, telling Congress in a report that his inquiry will determine why the insurance company "has chosen to litigate all claims instead of settling whenever possible."

According to documents sent to Congress and due to be released later this week, the inspector general's review will also determine "what procedures have been established to receive, review and pay medical, hospital, surgical and disability benefits to injured persons," as well as benefits to the relatives of those killed.

The \$1 billion insurance company has also been challenged by Sens. Patrick Leahy, D-Vt., and Arlen Specter, R-Pa., the chairman and ranking Republican on the Senate Judiciary Committee.

Such questions have put lawyers for New York City on the defensive, since the city and some construction contractors are protected by the program.

The top lawyer for the city, Michael Cardozo, has defended the company as "an insurance company, not a compensation fund" and argued that as such, it is obliged to defend legal claims. A spokeswoman for the city's law department did not immediately respond to a request for comment Monday evening about the inspector general's inquiry.

The company issued a statement saying it was cooperating with the inquiry and welcomes the review.

In July, attorneys for the thousands of workers who say they were sickened after working to clean up the site went to court to demand the insurance company spend the money on their health care.

The insurance company, once an afterthought of the \$20 billion post-Sept. 11 aid package for New York, has taken on increasing importance amid mounting complaints that those who worked on the toxic debris pile need long-term health care. Many of the health complaints center around lung problems attributed to the dust, fumes and debris at the site.

Some advocates for those workers, including Sen. Hillary Rodham Clinton, D-N.Y., have estimated it will cost hundreds of millions of dollars a year to provide medical care for those workers.

The city's mayor, Michael Bloomberg, has urged Congress to redirect the captive insurance company money to create a new compensation fund for sick workers, and give the city and the contractors immunity from such lawsuits.