



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8e

ACTION ITEM

Date of Meeting October 14, 2025

DATE : September 12, 2025

TO: Stephen P. Metruck, Executive Director

FROM: Elizabeth Black, Deputy General Counsel

SUBJECT: Settlement with Great American Insurance Company

Amount of this request: \$ 10,200,000 paid by Port
 \$ 10,188,969 paid to Port
 Net \$ 11,301

ACTION REQUESTED

Authorization for the Executive Director to execute an amendment to the August 2020 Settlement Agreement and Release between the Port and its primary insurer, Great American Insurance Company (GAIC).

EXECUTIVE SUMMARY

The Port has an opportunity to finalize the last remaining details of its 2020 settlement agreement with the Port's primary insurance carrier regarding the insurer's scope of coverage for historic environmental contamination. With this amendment to the prior settlement, the Port will make a payment to GAIC in the amount of \$10,200,000, reflecting the Port's obligation to reimburse costs GAIC spent on the Port's behalf, and GAIC will make a payment to the Port in the amount of \$10,188,969, reflecting GAIC's remaining obligation to the Port under the parties' 2020 settlement agreement.

DETAILS AND JUSTIFICATION

From 1963-1985, the Port had primary insurance coverage through predecessors to Great American Insurance Company (GAIC). Under those policies and subject to a reservation of its rights to deny coverage, GAIC provided defense and indemnity coverage to the Port for certain environmental investigation and cleanup costs associated with the Lower Duwamish Waterway, Harbor Island/East Waterway, and Terminal 91 (the "Contaminated Sites") and has paid over \$80 million to the Port to date. The Port and GAIC share a mutual interest in resolving their dispute regarding the scope of GAIC's coverage obligation without litigation. The parties reached a settlement agreement in 2020 that resolved all issues except the two addressed in the proposed

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amendment; the amendment would resolve the remaining disputes regarding GAIC's obligations to the Port for the Contaminated Sites.

The amendment includes the following key terms: GAIC will make immediate payment to the Port in the amount of \$10,188,969, reflecting GAIC's remaining obligation to the Port under the parties' 2020 settlement agreement for cleanup costs at Terminal 91. In addition, 30 days after receipt of GAIC's T-91 payment, the Port will pay \$10,200,000, to GAIC as reimbursement for costs that GAIC paid on the Port's behalf to successfully recover contribution from other responsible parties. The amendment will resolve all claims with respect to the Contaminated Sites, and both parties will reserve all of their rights regarding other potential claims.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternatives and implications have been considered and discussed in attorney-client privileged communications. Counsel for the Port recommends that the proposed settlement be approved.

FINANCIAL IMPLICATIONS

The amounts the Port and GAIC will transmit to each other are similar. Separate payments are necessary for recordkeeping purposes and for documenting the Port's exhaustion of certain insurance policies. The Port will pay slightly more than GAIC, a net amount of \$11,301.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

August 11, 2020 – Commission approved a settlement agreement with GAIC.

April 23, 2019 – The Commission authorized a settlement agreement with Lamorak Insurance Company and Bedivere Insurance Company, both formerly known as OneBeacon Insurance Company.

May 22, 2018 – The Commission authorized a proposed settlement agreement with Great American Insurance Company to resolve remaining claims relating to defense costs for environmental investigation and cleanup incurred through December 31, 2014.

October 27, 2015 – The Commission authorized the proposed 2015 Addendum Agreement to the 2014 Duty to Defend Settlement Agreement and Partial Release between the Port of Seattle and GAIC.

August 19, 2014 – The Commission authorized the proposed 2014 Duty to Defend Settlement Agreement and Partial Release between the Port of Seattle and Great American Insurance Company and Great American Insurance Company of New York.