

LexWildfire SmokeSM

Business Income Protection for Wildfire Smoke Losses



Some 75,000 wildfires ravaged 7 million acres across America in 2009, generating substantial levels of smoke that at times posed dangerous public health issues. Smoke from wildfires can create hazardous air quality levels in surrounding communities, nearby states, and sometimes even further. A Coastal North Carolina wildfire in 2008 carried strong levels of smoke over 225 miles west across Raleigh, Durham, and Greensboro, and nearly 200 miles north to Richmond, Virginia. California wildfires have reportedly impacted air quality levels as far as Colorado and smoke arising from wildfires in Canada has affected air quality in the southeastern United States and even across the eastern seaboard.

Due to the unhealthy ambient air quality that smoke may create, colleges and universities may be inclined to cancel their outdoor operations to protect their students, employees, and spectators. As a result of a cancellation of these outdoor operations, significant business income may be lost. In the past, these business income losses were not typically insured. In the future, they can be...with LexWildfire Smoke.SM

Lexington is a longtime property insurance market leader and foremost provider of insurance solutions for higher educational institutions. Lexington's commercial property insurance is available industry-leading limits of up to \$1.5 billion, including up to \$50 million in catastrophe property protection.

LexWildfire Smoke, an innovative endorsement to Lexington's commercial property insurance policy, expressly protects colleges, universities, and other facilities from the business income losses they may suffer when operations are disrupted due to smoke emanating from a local wildfire. Specifically, the insured is reimbursed for business income lost when ambient smoke results in *Very Unhealthy* or *Hazardous* air quality¹ that disrupts any revenue-generating outdoor operations — from sporting events to concerts. *No physical damage is required to trigger coverage.*

Coverage responds for any scheduled location when a state or local public health entity or other authorized official issues an air quality alert with a rating of *Very Unhealthy* or *Hazardous* for the geographic area encompassing the scheduled location.

Coverage Highlights

LexWildfire Smoke is an essential, far-reaching solution for North American higher educational institutions with scheduled locations in the U.S.

- Coverage pays business income losses at U.S. scheduled locations even in the absence of direct physical loss or damage.
- Covered “outdoor operations” are broadly defined to include both operations or services conducted outdoors and ancillary indoor operations or services that are in direct support of and in the immediate proximity of these outdoor operations.
- Covered “period of disruption” can extend beyond the policy expiration: It spans the time “outdoor operations” are suspended to the date such operations were scheduled to end or the date the insured resumes such operations with due diligence and dispatch, whichever is soonest.
- Sublimits up to \$5 million available.

LexWildfire SmokeSM

Facilities far from the immediate path of a wildfire can suffer severe financial losses when outdoor activities are disrupted by ambient air quality.

LexWildfire Smoke: Problem & Solution

Air quality in the vicinity of a wildfire is measured daily using the U.S. Environmental Protection Agency's (EPA's) Air Quality Index (AQI), which is calculated as the concentration of five major air pollutants regulated by the Clean Air Act. The greater the calculated AQI, the greater the level of air pollution and public health concern.

LexWildfire Smoke is triggered when a state or local public health entity or other authorized official issues an air quality alert with a rating of *Very Unhealthy* or *Hazardous* (or an air quality index of 201 or greater or a PM_{2.5} 24-hour average of 140.5 ug/m³ or greater) in the vicinity of any of the insured's scheduled locations.

Wildfire exposure stretches far beyond the flames: Plumes from a recent Los Angeles wildfire were found adversely affecting air quality as faraway as Salt Lake City and Denver.²

- ¹ As defined by the U.S. Environmental Protection Agency's (EPA) Air Quality Index.
- ² According to NASA's Earth Observatory division.

Contact

For more information, please email Lou Frascotti at lou.frascotti@chartisinsurance.com or visit www.lexingtoninsurance.com.

LEXINGTON INSURANCE
CHARTIS 

Lexington Insurance Company (Lexington Insurance), a Chartis Company, is America's leading surplus lines insurer. Chartis is the marketing name for the worldwide property-casualty and general insurance operations of Chartis Inc. For additional information, please visit our website at <http://www.chartisinsurance.com>. All products are written by insurance company subsidiaries or affiliates of Chartis Inc. Coverage may not be available in all jurisdictions and is subject to actual policy language. Non-insurance products and services may be provided by independent third parties. Surplus lines insurers do not generally participate in state guaranty funds and insureds are therefore not protected by such funds.