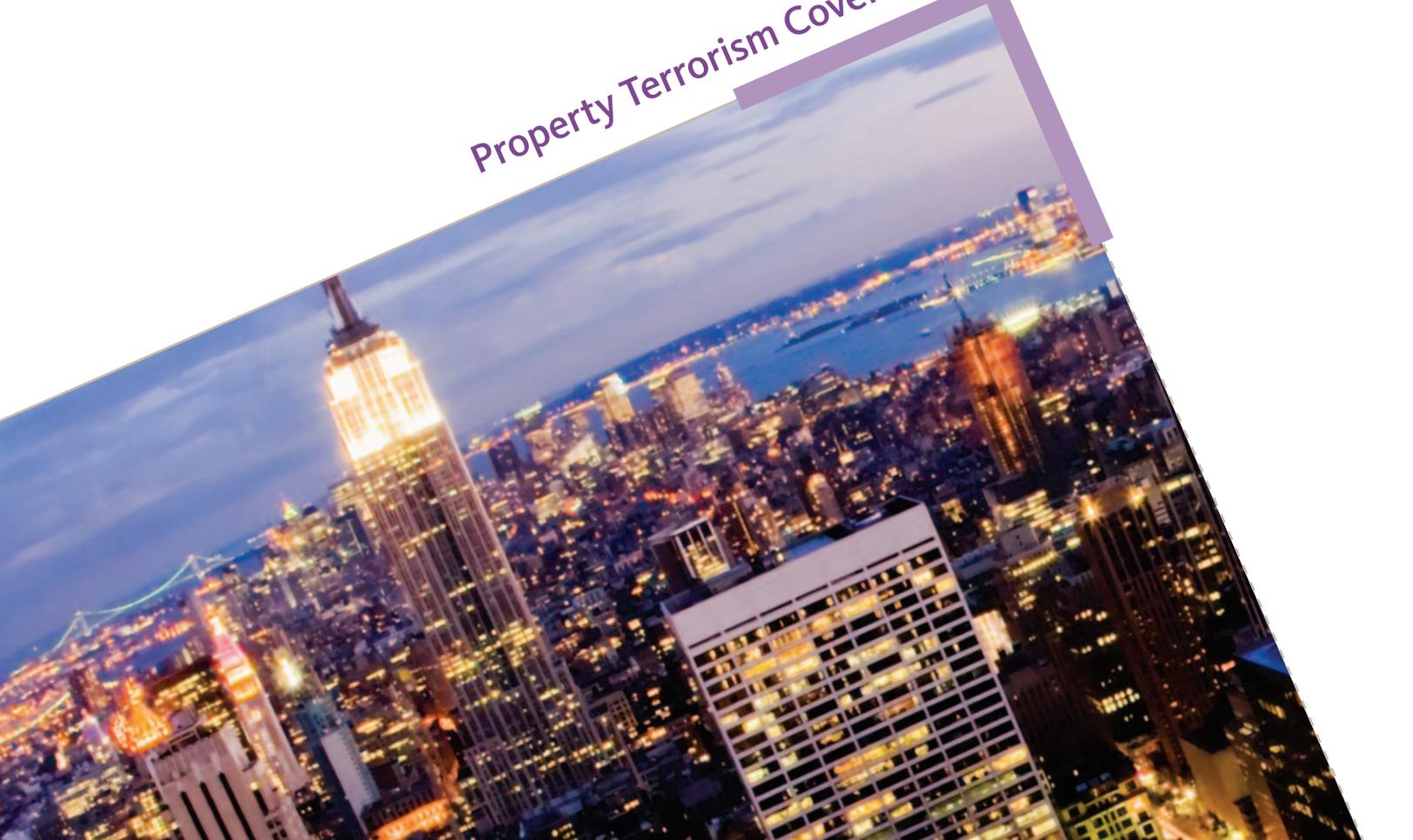


Property Terrorism Coverage





A terrorist attack can strike anywhere... and at anytime. The human and financial losses caused by an act of terrorism can be devastating, but the right amount of protection can mean the difference between minimal losses and irreparable damage. In today's environment, terrorism coverage from a financially stable insurer may be a necessity.

Lexington Insurance has been an industry leader for decades. Time and time again, Lexington has proven its ability to provide innovative products and services with expertise. Often the first to market with new products, Lexington was one of the first insurers to provide insurance solutions for terrorism, including stand-alone terrorism coverage.

#### **Getting Superior Protection from a Market Leader**

Lexington's property terrorism coverage insures against acts of terrorism committed domestically and abroad.

Additional benefits include:

- Property damage limits available up to \$250 million in Central Business Districts and up to \$1.5 billion elsewhere
- Coverage available on a primary basis or excess of loss basis
- Form and pricing flexibility based on surplus lines status
- Coverage to augment locally-mandated and government administered programs
- Reinsurance of Captives
- Broad terrorism definition, government certification not required to activate coverage

Lexington's exceptionally broad underwriting capabilities enable it to address risks of various sizes. Its underwriters can help companies by

providing insurance and risk management solutions tailored to each insured's needs—on a case-by-case basis.

**The financial repercussions of 9/11 reverberated coast-to-coast and around the globe. This watershed event and other terrorist attacks worldwide underscore the numerous and diverse financial risks inextricably linked to a terrorist threat. The financial consequences of a terrorist attack go far beyond property damage.**

When many risk managers and business owners consider the financial ramifications of an act of terrorism, they may contemplate conventional property damage caused by conventional weapons. While such property damage is a major exposure, the potential financial consequences of a terrorist attack are likely to extend much further. Consider that the insured business interruption and liability losses of 9/11 both exceeded property damage losses from the event.

### The Multi-Dimensions of Terrorism Risk

The financial risks associated with terrorism are diverse and severe. As understanding of terrorism grows, so does recognition of the full spectrum of risks it creates. There is also the realization that businesses have been put on notice. Acting to protect physical assets and address the financial risks that terrorism presents to shareholders, employees, customers, and other constituents may be a central concern for sound corporate governance and risk management.

### DID YOU KNOW?

Many businesses have not fully contemplated the potential financial impact of a terrorist act.

For example:

- Companies located blocks, miles, or a continent away from a terrorist attack can suffer catastrophic financial losses from an event. Business income losses could quickly accrue if a civil or military order following an act of terror shuts down roads, airways, or ports, leaving a business inaccessible to customers or suppliers.
- Attacks using biological and chemical agents can shut down a facility suddenly and permanently, creating contamination that costs millions to clean up. Even if the victimized property is not rendered permanently unusable, it is likely to be substantially devalued by the attack.
- Cyber spies steal intellectual property from U.S. organizations valued at an estimated \$40 billion to \$50 billion each year, according to U.S. intelligence agency estimates.<sup>1</sup>

### BIOCHEM SHIELD®

**BioChem Shield provides far-reaching protection for property losses arising from terrorist attacks using biological and chemical agents. It addresses an exposure that threatens businesses in many industries; from retail, to real estate, to transportation facilities.**

Terrorist attacks using biological and chemical agents represent a unique property exposure that businesses, in almost every industry, must contemplate. Dispersal of these agents could necessitate multi-million dollar clean up costs and trigger substantial losses of business income. Victimized properties are also likely to be significantly devalued, if they maintain any value at all. Addressing this type of large-scale financial exposure was once extremely difficult. Now, Lexington Insurance has made it easy.

BioChem Shield is an endorsement that expands Lexington's property terrorism insurance to address losses arising from the use of biological or chemical agents in a terrorist attack.

The endorsement covers:

- Costs to clean up the chemical or biological agent/s dispersed in an attack
- Business interruption losses and extra expenses the insured suffers from the biological or chemical terrorist attack
- The insured's property, up to the endorsement limit, if civil authorities prevent the insured from re-occupying the property for more than nine months following an attack

BioChem Shield is endorsed onto Lexington's property terrorism insurance policy, which can be provided on a stand-alone basis or in conjunction with Lexington's general property policy. Limits of up to \$25 million are available.

<sup>1</sup> Gorman, Siobhan. Web is New Front Among Cold War Foes. *Wall Street Journal*, January 14, 2010.

## OPSHIELD®

**OpShield responds to the substantial business interruption losses and extra expenses a business incurs when a civil or military order imposed, following a terrorist act, impedes its operations. Coverage responds even when the act occurs far from the insured's premises and creates no property damage for the insured.**

Civil or military orders imposed following a terrorist attack or threat can have costly ramifications for businesses — even businesses located miles away from the area directly impacted by the act. For instance, mandatory evacuations or transportation shutdowns can leave a business inaccessible to customers or unable to receive vital supplies. Traditional business interruption and extra expense insurance may not address this exposure.

**OpShield does.**

### **An Innovative Response to an Unprecedented Risk**

OpShield extends Lexington's property terrorism insurance to pay business interruption losses and extra expenses when a terrorist attack or threat results in lost business income.

- Coverage is triggered by civil or military order arising from either a terrorist act or even from the threat of terrorism.
- Coverage responds when the order takes effect anywhere within a 10-mile radius from the insured facility.

- Coverage can also extend to orders affecting areas surrounding non-owned locations, such as transportation hubs, vendors, or suppliers on which the insured's operations rely.
- An aggregate limit of up to \$25 million is available as a sublimit to the property terrorism policy.

OpShield may be endorsed to Lexington's property policy when covering terrorism insurance. It can also be written on a stand-alone policy. Limits of up to \$25 million are available.

### **Why OpShield Makes Sense**

The following are just a few of the many potential scenarios that could cause significant losses of business income — losses OpShield is designed to address:

- When state authorities close a Western port after a terrorist bombing, a Midwest manufacturer is cut off from vital suppliers.
- After a major city building is threatened by terrorists, surrounding roadways are closed, blocking patrons' access to businesses in the area.
- A major airport is shut down by civil authorities investigating a terrorist incident; numerous hotels and restaurants in the area lose significant revenue because travelers are unable to reach these businesses.



For updates on today's rapidly changing risk landscape – and how Lexington is responding – tune into our ongoing Lexcasts® series at [www.lexingtoninsurance.com](http://www.lexingtoninsurance.com).

## Contact

For more information, please contact John Cogliano at (617) 330-8250 or [john.cogliano@chartisinsurance.com](mailto:john.cogliano@chartisinsurance.com).

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Lexington only prints  
using recycled materials.