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Lexington to reduce catastrophe exposure

by [Michael Bradford](#)
 Posted on March 29, 2006 3:29 PM CST

BOSTON—Lexington Insurance Co. is scaling back the business it will write in catastrophe-prone areas after last year's hurricanes dealt insurers heavy losses.

The Boston-based insurer, a unit of American International Group Inc., will reduce its net writings for commercial and residential properties by 20% to 25% in regions where hurricanes and other natural catastrophes are most likely to generate losses, a spokesman said. California, Florida, Hawaii, New Orleans and parts of Texas are among the regions where Lexington is limiting its catastrophe exposure.

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The cuts were announced by Kevin Kelley, chairman and chief executive officer of Lexington, during an investor conference on Tuesday.

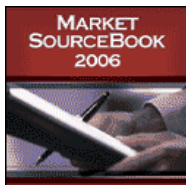
A spokesman for the insurer said Lexington did not have a breakdown on how many commercial and residential policyholders would be affected.

Lexington policyholders likely will see wind deductibles rise up to 5% of insured value from 2% or less. Flood deductibles also are expected to rise by the same amount.

The insurer said it expects to raise rates up to 30% on coverage that it writes in catastrophe-prone areas, and policyholders likely will pay 10% to 25% more in noncatastrophe areas.

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