

# Leafy Ledger

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By Lockton

## *What's Buzzin'?*

Perhaps one of the most important items in a cultivation facility are the grow lights. We know that there are various reasons for cannabis producers to consider the multiple options in the space. While it certainly shouldn't be the only deciding factor, the safety aspect should certainly be considered. HPS bulbs have been linked to a very large amount of fires at cultivation facilities, and as such, insurance carriers are encouraging the shift to LED bulbs where possible. We have consolidated various items in the following article to consider when making a decision to shift to LED bulbs (from the insurance and safety perspective) as well as some claims information.

### *Loss Control — grow lights*

#### Major types of grow lights

- High-pressure sodium (HPS) lights
- Fluorescent grow lights
- Metal halide lights
- Light-emitting diode (LED) lights

LEDs are the safest option for grow lights because they put out a small amount of heat, at least relative to traditional halide and high-pressure sodium lights, and they also consume less power, which saves on electricity costs.

#### Ways to reduce LED fire hazard risks

**Use fire-rated LED fittings.** These fixtures are purposefully made to be fire resistant.

**Connect your LED lights with a resistor.** Resistors are devices that limit the amount of current able to flow through a lighting fixture and prevent it from being overloaded.

**Don't put your LED lights in encased fixtures.** Most of the heat generated in an LED ends up in the casing because it attempts to dissipate the heat of the circuit and the LEDs to keep the emitters cool. LED grow bulbs that are exposed directly to air are much cooler.

**Use high quality bulbs.** High quality bulbs might be more expensive, but they tend to also be safer in construction and able to withstand both higher amperage/wattage as well as put off less heat during use.

- Most bulbs should be replaced within 80% of expected life.

### *How do I protect myself?*

#### Elimination/substitution

- Consider substituting metal halide lights with safer alternative lights that do not have UV and/or dangerous metals.

#### Engineering controls

- Always operate metal halide and high-pressure sodium discharge lamps with the compatible ballast, rated fixture (open/closed, wattage), and socket.
- Consult with the manufacturer and installer as to the life span of the lighting and set up preventative maintenance to be performed on a formal routine schedule.

#### Administrative controls

- All bulbs and lighting fixtures must be installed and operated in strict accordance with manufacturer specifications.
- Immediately remove broken lamps from service.
- A safe work procedure should be followed for the proper cleanup of broken bulbs.
- Develop a program to ensure used and broken bulbs are disposed of as hazardous waste.
- Avoid working in areas where germicidal UV lights are in active use.

#### Personal Protective Equipment (PPE)

- Provide and require the use of the appropriate glasses or goggles for employees who work in intense lighting areas. Ensure that eye protection is rated for the UV wavelength that is being used.
- Exposed skin should remain covered by wearing long-sleeved tops.

# Claims management — Property losses

## You've suffered a loss, now what?

### In the event of a Property loss

1. Notify Lockton or your Property insurer of the loss. Be aware of policy limits and deductibles.
2. Develop a claim team to determine the plan of action for repairs and restoring operations. Establish roles and communication protocols internally and with insurance adjusters.
3. Document the loss. Include pictures/video of the damage and provide pre-loss photos of property, inventory, etc.
4. Contact emergency remediation contractors, as necessary.
5. Determine the scope of loss. Document the extent of damage in each of the following categories.

A. Property	E. Building	H. Business
B. Inventory	F. Furniture, fixtures, and equipment	interruption
C. Mechanical		I. Extra expenses
D. Equipment	G. Personal property of others	
6. Investigate the cause of loss. Identify any property, equipment, process, or material that could have caused or contributed to the loss. Assist local authorities in their investigation and preserve evidence.
7. Determine what property requires repair and what property requires replacement. If possible, do not throw anything out until the insurance adjuster conducts a site inspection.
8. Complete any necessary temporary repairs to protect the affected property, inventory, equipment, etc.
9. Obtain repair estimates from reputable, qualified contractors and vendors.
10. Consult with the insurance adjuster. Obtain agreement on the scope of loss and the steps necessary to repair/replace affected areas.
11. Collect necessary records (building lease, building plans, inventory records, equipment leases, fixed asset ledgers, repair quotes/invoices, replacement quotes/invoices, financial records to support business income loss). Be prepared to share with the insurance adjuster upon request.
12. Create a job project code for charging all direct out-of-pocket expenses related to loss activities (materials, supplies, contractors, labor etc.).
13. Communicate regularly with the insurance adjuster and your Lockton Claims Consultant throughout the claims process. Discuss the status of repairs, advance claim payments, and resolution timeline of the claim.



### What is subrogation?

Subrogation is an insurance company's right to pursue recovery from an at-fault third party for compensation paid to a policyholder after a loss (i.e., product defect, construction defect, improper installation).

If a third party is suspected to have caused or contributed to the loss, the insurance company will investigate and, may initiate a claim against the suspected at fault party to recover any claim payments made to the insured, as well as the insured's deductible.

### How can you assist?

- Cooperate with cause and origin investigation.
- Identify any property, equipment, or other material that could have caused or contributed to the loss.
- Take photos, make lists, and properly identify each piece of equipment/material.
- Obtain copies of original invoices, manuals, operating instructions, and maintenance records for said equipment.
- Store the suspected equipment/material in a secure location until needed for inspection/testing.
- Obtain police, fire, and other expert reports.
- Place third parties on notice.

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