

# Costs of Lightning Strike Claims Rise Dramatically

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They say that lightning never strikes in the same place twice, but for insurers, it strikes over 250,000 times per year, causing hundreds of millions of dollars in damages.

In fact, the cost of homeowners' claims for damage due to lightning strikes has increased dramatically -- up 20 percent over the last three years.

According to a new Insurance Information Institute (I.I.I.) analysis of homeowners' insurance data, there were 256,000 lightning claims in 2006, causing about \$882 million in insured losses.

The I.I.I. puts the average claim for lightning at \$3,446.

By comparison, in 2004, there were about 278,000 lightning claims, which caused about \$735 million in insured losses with the average claim totaling \$2,646.

The average cost per claim rose 30 percent between 2004 and 2006, even as the actual number of such claims fell by nearly 8 percent.

"The paid losses are likely to increase to nearly \$1 billion in 2007, despite the decline in number of claims, in part, because of the explosion in the number and value of consumer electronics in homes," said Loretta Worters, vice president of the I.I.I.

"Wide-screen TVs, home entertainment centers, multiple computer households, gaming systems and other expensive devices are having a significant impact on claims losses."

Damage caused by lightning, such as fire, is covered by standard homeowners' insurance policies. Some policies provide coverage for power surges -- the direct result of lightning striking a home. There is also coverage for lightning damage under the comprehensive portion of an auto insurance policy.

Preventing losses

In conjunction with Lightning Safety Week (June 24-30), the I.I.I. offers the following tips to protect homes and businesses against power surges and lightning strikes:

Install a lightning protection system to supply structural protection by providing a specified path on which lightning can travel.

When a building is equipped with a lightning protection system, the destructive power of the lightning strike is directed safely into the ground, leaving the structure and its contents undamaged.

The system includes a lightning rod or air terminals at the top of the house that can be disguised to look like a weather vane and wires to carry the current down to grounding rods at the bottom of the house.

According to the Institute for Business and Home Safety (IBHS), the lightning protection system needs to be securely anchored to the roof.

Otherwise, it may whip around in a storm and damage the building. So make sure to have a licensed electrician install your lightning rod and protection system.

Use surge protectors. Today's sensitive electronic equipment is particularly vulnerable to lightning. To assure the highest level of protection, UL-listed surge arrestors should be installed on electrical service panels.

Installations typically include surge arrestors on the main electric panel, as well as incoming phone, cable, satellite and data lines. Surge arrestors protect against damaging electrical surges that can enter a structure via power transmission lines.

By filtering and dissipating the harmful surges, arrestors prevent electrical fires and protect against electrical discharges that can damage a home's electrical system, computers and appliances.

UL-listed transient voltage surge suppressors can also be installed to protect specific pieces of electronic equipment.

Keep in mind that power strips offer little protection from electrical power surges.

Unplug expensive electronic equipment, such as TVs and computers, as an added precaution if you know a storm is approaching.

For more information on insurance and home safety, go to the I.I.I.'s Web site at [www.iii.org](http://www.iii.org). The I.I.I. is a nonprofit communications organization supported by the insurance industry.

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