

Lightning Strikes “Again and Again

by NAMIC

Lightning Claim Costs Continue to Increase, Causing Nearly \$1 billion in Insured Losses, I.I.I. Study Finds
They say that lightning never strikes in the same place twice, but for insurers it strikes hundreds of thousands of times annually, causing millions of dollars in damage. In fact, the cost of homeowners’™ claims for damage caused by lightning strikes has increased dramatically “ up 28 percent over the last four years, according to the Insurance Information Institute (I.I.I.).

An analysis of homeowners insurance data by the I.I.I. found there were more than 177,000 lightning claims in 2007, causing nearly \$1 billion in insured losses. The I.I.I. puts the average claim for lightning at \$5,321. By comparison, in 2006 there were about 256,000 lightning claims, causing more than \$880 million in insured losses, with the average claim totaling \$3,446. The average cost per claim doubled between 2004 and 2007, even as the actual number of claims fell by nearly 36 percent.

"The number of claims is down, but the average cost per claim continues to rise, 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. "Widescreen TVs, home entertainment centers, multiple computer households, gaming systems, and other expensive devices are having a significant impact on claims losses."

Worters noted that given this year's record tornado activity and the fact that tornadoes are usually accompanied by severe thunderstorms, it is quite likely that the number of such claims will be up even further, possibly substantially, in 2008.

Damage caused by lightning, such as fire, is covered by standard homeowners and business insurance policies. Some home and business insurance policies provide coverage for power surges that are the direct result of lightning striking a home or business. 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 22-28), the I.I.I. offers the following tips to protect homes and businesses against power surges and lightning strikes:

Install a lightning protection system. A lightning protection system supplies 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 weathervane and wires to carry the current down to grounding rods at the bottom of the house. According to the Institute for Business & Home Safety, 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 for 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 building's electrical system, computers, appliances, and other systems. 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. As an added precaution, unplug expensive electronic equipment such as TVs, computers, and the like if you know a storm is approaching.

Dos and Don'ts for Lightning Safety

The Lightning Protection Institute also advises the following:

Take shelter in a home, large building, or substantial, fully enclosed building “ all preferably protected with a lightning protection system. Hard-topped vehicles are generally safe shelters as well.

Avoid areas where you will be the highest object. If caught in an open field with no nearby shelter and your

hair begins to stand on end (an indication that lightning is about to strike), drop down and crouch with hands on knees, rocking up on the balls of your feet. (The idea is to make as little contact with the ground as possible.) Never lie down flat or place your hands on the ground.

Certain locations are extremely hazardous during thunderstorms. Avoid lakes, beaches, or open water; fishing from a boat or dock; and riding on golf carts, farm equipment, motorcycles, or bicycles. Take shelter in tunnels, subways, or even ditches or caves if necessary – never under a tree.

If caught on high ground or in an open area, seek shelter in the lowest area you can find and stay away from trees. A small grove of bushes or shrubs is preferable to lone trees.

To avoid side flashes (voltage from a nearby struck object), stay clear of fences or isolated trees. Keep away from telephone poles, power lines, pipelines, or other electrically conductive objects.

Stay off the telephone. In your home, do not stand near open windows, doorways, or metal piping. Stay away from the TV, plumbing, sinks, tubs, radiators, and stoves. Avoid contact with small electric appliances such as radios, toasters, and hairdryers

Source: Insurance Information Institute

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