

Shocking: Lightning Claim Costs Continue to Rise

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HOMEOWNERS INSURANCE CLAIMS AND PAYOUT FOR LIGHTNING LOSSES, 2004-2008

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NEW YORK, June 22, 2009 — They say that lightning never strikes in the same place twice, but for insurers, it strikes hundreds of thousands of times annually, costing, for the first time ever, more than \$1 billion in insured losses in 2008. In fact, the cost of homeowners claims for damage due to lightning strikes has increased dramatically—up 13 percent from 2007 to 2008 and nearly 45 percent from 2004 to 2008, according to the Insurance Information Institute (I.I.I.).

percent from 2007. These losses ranged from damage to expensive electronic equipment to structural fires that destroyed entire homes.

The I.I.I. puts the average lightning claim at \$4,329. By comparison, in 2007, there were about 177,000 lightning claims, which caused more than \$900 million in insured losses with the average claim totaling \$5,321. The average cost per claim rose nearly 64 percent from 2004 to 2008 even as the actual number of claims fell by a little over 11 percent over the five year period.

“The record losses are a result, in part, because of the large number of storms occurring last year,” said Loretta Worters, vice president of the I.I.I. “Catastrophe losses surged in 2008, reaching \$22.1 billion in the first three quarters of the year.”

HOMEOWNERS INSURANCE CLAIMS AND PAYOUT FOR LIGHTNING LOSSES, 2004-2008

	2004	2005	2006	2007	2008	Percent change, 2004-2008
Number of paid claims	278,000	265,700	256,000	177,100	246,200	-11.4%
Insured losses (\$ millions)	\$735.5	\$819.6	\$882.20	\$942.4	\$1,065.5	44.9%
Average cost per claim	\$2,646	\$3,084	\$3,446	\$5,321	\$4,329	63.6%

Source: Insurance Information Institute.

Worters noted that given last year’s record tornado activity and the fact that tornadoes are usually accompanied by severe thunderstorms, it was not surprising that the number of such claims increased 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.

In conjunction with Lightning Safety Week (June 21-27), the following are tips from the [Institute for Business & Home Safety](#) to prevent losses.

Reducing the risk of lightning damage

- Install a whole-house surge protector for your home or business.
- Include protection for electrical, telephone, and cable or satellite TV lines entering the house.
- The surge protector must be a secondary surge arrester that is tested to IEEE C62.11 or a transient voltage surge suppressor (TVSS) that has been tested to UL 1449, 2nd Edition.
- with Article 280 or Article 285 of the National Electrical Code (as is applicable) and must have a working indicator light.
- The structure's electrical system should be properly grounded in accordance with Article 250 of the National Electrical Code.
- It is important that all utilities (telephone, electrical, and cable or satellite TV) be bonded to the same grounding point. This will ensure proper operation of the surge protection system. This will prevent ground potentials from developing on the electrical system.
- All utilities (telephone, electrical, and cable or satellite TV lines) should enter the structure within 10 feet of electrical service entrance ground wire.
- Install arc fault circuit interrupters on all electrical circuits.

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, 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 a lone tree.
- 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.

For more information on lightning, go to the [Lightning Protection Institute](#) or [Struck by Lightning](#).

For more information on protecting your home or business from lightning, go to [IBHS](#).

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