



## Mold Risk Management and Insurance

By:

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### Goals of this seminar

- Understand mold risks
- Understand the insurance issues
- Be able to develop a Mold Risk Management strategy.

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### Where did all these mold claims come from?

- Prior to the new science linking mold to adverse health affects in humans, prior to the the lawyers and the media attention....., mold claims were water damage claims without Bodily Injury and Defense costs.
- These were all insured two years ago.

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### Without insurance where will the mold claims go?

Most will go away, handled as a regular expense

- Back to contractors, architects, building products suppliers
- To restorations contractors not following protocol
- Insurance agents for leaving their clients uninsured

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### The inside story on universal mold exclusions

- Multiple kinds of exclusions, nobody knows how they work.
- In home owners, all business liability policies, all property policies and many professional liability policies.
- Even your insurance agent is likely to have a mold related claims exclusion in their E&O insurance

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### Who Needs Mold Insurance?

- What does a plumbers work do when it causes damage?
- What does a roofers work do when it causes damage?
- What does a drying contractors work do if it is done improperly?
- There is loss exposure any where there are people in buildings.

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## Case Study I

A plumber during the construction of a new school leaves a pipe fitting loose which drips down an interior wall near an air intake. Mold begins growing in the wall cavity and is taken into the air recirculation system. The occupants of the building report breathing problems and eye irritations. Testing indicates there is toxic mold in the school.

- Remediation takes nine months.
- Alternative class room facilities need to be leased.
- Forty students report lingering side effects.

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## The loss from the event includes:

- Replacing dry wall, flooring and ceiling tile
- Extra expense of school district
- Bodily injury claims from students
- Legal defense costs

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## How to insure against Mold losses

- Find an expert insurance advisor
- Fill the insurance coverage gap created by universal mold exclusions
- All commercial insurance buyers need separate mold insurance coverage
- Mold insurance is expensive and hard to qualify for

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Environmental Insurance policies are the solution on business

- Contractors Pollution Liability Insurance**
- Professional Liability**
- Environmental Impairment Liability**

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### **Contractors Pollution Liability**

Fills the gap in liability insurance created by mold exclusions

Appropriate for general contractors, home builders, remediation contractors, roofers, plumbers, trades, fire restoration, ect.

- Also covers Contractual Liability

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### **Professional Liability**

- Insures a negligent Professional Error Act or Omission
- Coverage is provided by eliminating the pollution exclusion and adding clean up to definition of damages
- Policies are usually only sold to degreed "Professionals" Engineers, Architects, Industrial Hygienists

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## Environmental Impairment Liability

- Site Specific Pollution Insurance
- Used for all forms of Commercial buildings
- Can cover, mold Clean Up, Contractual Liability, Business Interruption, Extra Expense, and Non Owned Sites

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## A break down in the insurance distribution chain has already occurred

- Mold insurance is available today on commercial accounts
- Insurance agents and brokers will find it difficult to deal in this coverage line
- Agents/Brokers will over look mold loss exposures, leaving their clients bare

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## Developing a mold risk management strategy

- Implement procedures to prevent losses, training
- Only use insured vendors, the underwriting process will weed out unqualified firms
- Evaluate your own insurance needs, find expert help to do this
- Apply only to insures that you know will write your business and use their own application

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### Advice for the future (today)

- Explore the availability of mold insurance coverage
- Remember, uninsured losses are potentially career limiting for everyone involved
- Do not ignore the insurance implications of universal mold exclusions.

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