

Hazardous Times®



Contents

Breakdown of Mold-Related Insurance Claims	2
Mold Litigation Against Contractors and Commercial & Municipal Building Owners	3

Burgeoning Mold Claims

Insurers know that mold claims are growing exponentially from their own experience, but now a website maintained by a policyholder group confirms the trend.

Recently, HarrisMartin Publishing posted an article on their website (www.harrismartin.com) with information collected by the nonprofit group, Policyholders of America, listing the number of first-party mold claims (consisting primarily of homeowners' claims) by state and by year filed. The article will also be published in the March 2002 edition of HarrisMartin's *Columns Mold* publication.

While this list may not be all-inclusive, as of February 5, 2002 there were 16,059 claims. Not surprisingly, three states, Texas, California and Florida, contain 53% (8,568) of the claims filed. Arizona and Oklahoma follow, with almost half the volume of Florida; however, homeowners have filed mold

claims in virtually every state. Only claims where the homeowner has retained counsel are included in the list, and according to Melinda Ballard, founder of Policyholders of America, up to 50% of these claims may result in litigation. Many of the claims listed reportedly contain allegations of both bodily injury and property damage. Prior to January 1999, there were only 211 cases listed in the database.

Policyholders of America was founded in 2002 by Ms. Ballard who was awarded \$32.2 million in damages in a Texas homeowners mold case in 2001 (*Ballard v. Fire Insurance Exchange*, No. 99-05252, Texas Dist., Travis Co., June 1, 2001), on appeal.

For More Information

If you have any questions about the information presented here, or contributions to the ongoing study of this potential exposure, we encourage you to contact your GeneralCologne Re account executive.

Breakdown of Mold-Related Insurance Claims

<u>By State</u>		<u>By Number of Claims</u>		<u>By Year</u>	
Alabama	36	Texas	4097	1987	1
Alaska	42	California	3087	1988	2
Arizona	661	Florida	1384	1989	2
Arkansas	126	Arizona	661	1990	6
California	3087	Oklahoma	624	1991	3
Colorado	98	Tennessee	532	1992	4
Connecticut	122	North Carolina	513	1993	9
Delaware	48	Pennsylvania	404	1994	26
District of Columbia	8	New York	398	1995	32
Florida	1384	South Carolina	377	1996	41
Georgia	187	Oregon	366	1997	37
Hawaii	12	Ohio	363	1998	48
Idaho	29	New Jersey	215	1999	2567
Illinois	76	Missouri	213	2000	5821
Indiana	135	Georgia	187	2001	7143
Iowa	54	Michigan	168	2002 (as of 2/5/02)	317
Kansas	159	Utah	164		
Kentucky	81	Kansas	159	Total	16,059
Louisiana	117	Indiana	135		
Maine	36	Mississippi	129		
Maryland	41	Arkansas	126		
Massachusetts	101	Connecticut	122		
Michigan	168	Louisiana	117		
Minnesota	82	Washington State	115		
Mississippi	129	Nevada	114		
Missouri	213	Massachusetts	101		
Montana	36	Colorado	98		
Nebraska	47	South Dakota	97		
Nevada	114	Virginia	95		
New Hampshire	49	Minnesota	82		
New Jersey	215	Kentucky	81		
New Mexico	32	Illinois	76		
New York	398	North Dakota	64		
North Carolina	513	Iowa	54		
North Dakota	64	Nebraska	47		
Ohio	363	Alaska	42		
Oklahoma	624	Maryland	41		
Oregon	366	New Hampshire	49		
Pennsylvania	404	Delaware	48		
Rhode Island	36	Vermont	38		
South Carolina	377	Alabama	36		
South Dakota	97	Maine	36		
Tennessee	532	Montana	36		
Texas	4097	Rhode Island	36		
Utah	164	New Mexico	32		
Vermont	38	Idaho	29		
Virginia	95	Wisconsin	24		
Washington State	115	Wyoming	19		
West Virginia	8	Hawaii	12		
Wisconsin	24	District of Columbia	8		
Wyoming	19	West Virginia	8		
Total	16,059	Total	16,059		

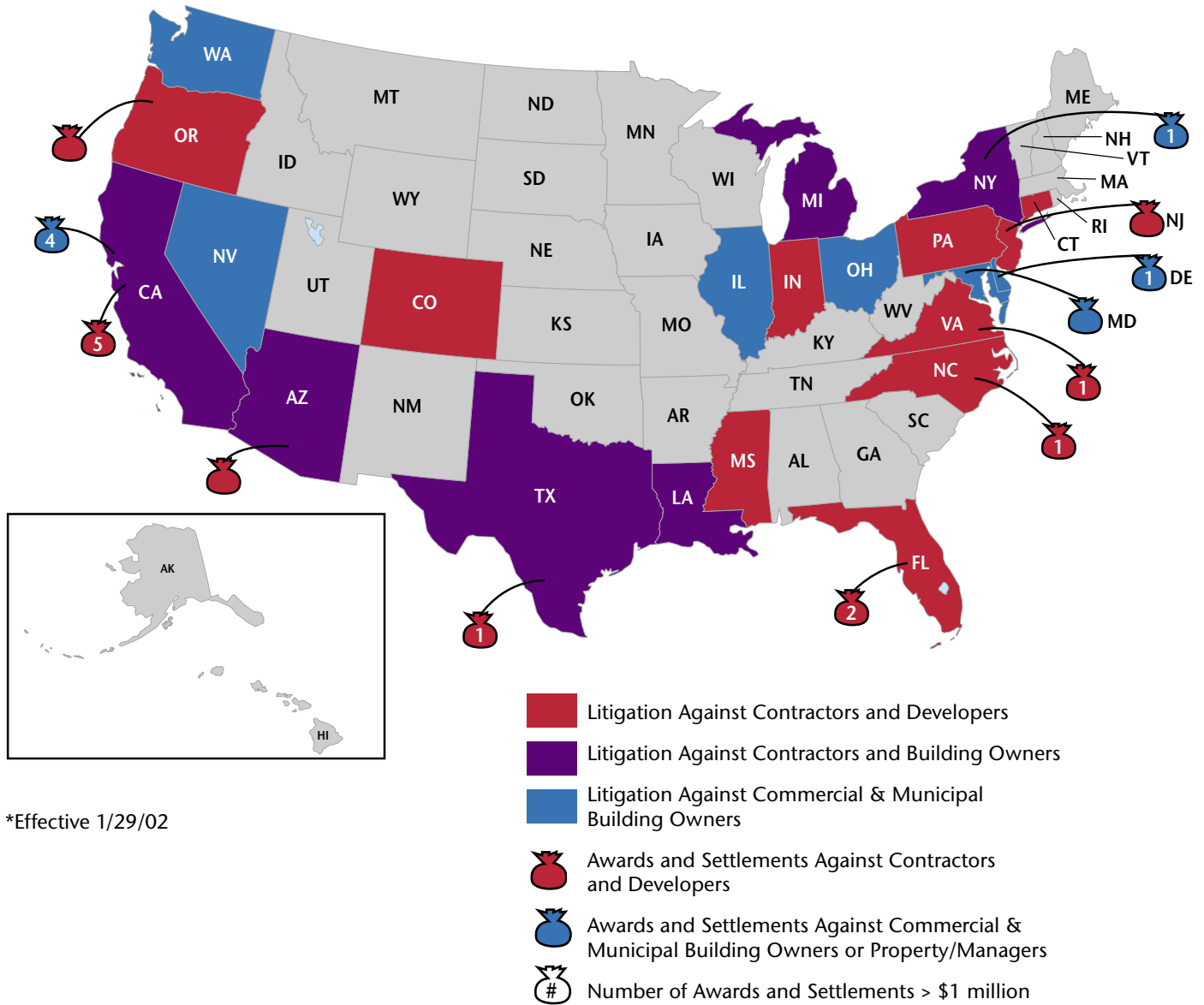
Source: Policyholders of America, February 5, 2002. Copyright 2002 HarrisMartin Publishing, L.L.C.

It's important to keep in mind that mold litigation and claims activity are burgeoning in many jurisdictions and impacting commercial lines as well as personal lines.

The map below shows jurisdictions where mold suits have been filed against commercial and municipal building owners, as well as contractors. It also shows states where awards

and/or settlements have resulted from mold litigation against these entities. As the map indicates, there have been 10 cases against contractors that resulted in an award or settlement of \$1 million or more, and six cases where litigation against commercial or municipal building owners resulted in awards or settlements of \$1 million or more.

Mold Litigation Against Contractors and Commercial & Municipal Building Owners*



Whether first-party property or third-party liability, mold claims are still growing across the country. The data maintained by Policyholders of America and published

by HarrisMartin, when combined with insurance company experience, may help regulators and the public appreciate just how rampant those claims are.



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