

The Industry Response

By Phyllis Van Wyhe, CPCU, CIC, CSP
www.insurancece.com

Agents can do little about the causes of mold, but they can closely follow the changes the industry is making in response to the epidemic of mold claims. Here are some examples

HOMEOWNERS

ISO has introduced a new endorsement to be added to the Homeowners 2000. The title, “Limited Fungi, Wet or Dry Rot, or Bacteria Coverage,” might lead the uninformed to believe that coverage for mold is being expanded. Actually this endorsement restricts coverage. The changes the endorsement makes include the following:

- **Adds New Definition**
It adds a definition for “fungi” which includes mold.
- **Changes Mold Exclusion**
The mold exclusion has been moved and will become one of the concurrent causation exclusions. The only mold that will be covered under the policy is the mold that results from fighting a fire.
- **Limits Coverage for Repeated Seepage**
New language has been added to restrict coverage for repeated seepage. Coverage will only apply when no “insured” knew about the seepage and the damage was hidden in the walls or ceilings.
- **Adds Additional Coverage #13**
A new Additional Coverage provides \$10,000 coverage for loss due to mold when it results from a covered water loss. This can be increased to \$25,000 or \$50,000. The cost of testing (very expensive) will come out of this limit.
- **Limits Liability Coverage**
A new annual aggregate limit of \$50,000 is placed on mold liability claims. This can be increased to \$100,000 if a company is willing.

COMMERCIAL GENERAL LIABILITY

In commercial lines, ISO has created two types of new endorsements for use with commercial liability forms. One is an absolute exclusion entitled “Fungi or Bacteria Exclusion.” When added to the CGL policy, it applies both to Coverage A, Bodily Injury and Property Damage, and Coverage B, Personal and Advertising Injury. A similar endorsement is available for use with an umbrella policy.

The second type of endorsement ISO has created for commercial liability allows the insured to purchase a limited amount of liability coverage and is entitled “Limited Fungi or Bacteria

Coverage.” The limit provided is an aggregate limit. Will your companies be willing to offer this limited amount of coverage? All you can do is ask.

For a more detailed discussion of the contract revisions ISO is making, refer to the book, **Mold, Mildew, and Water Damage**