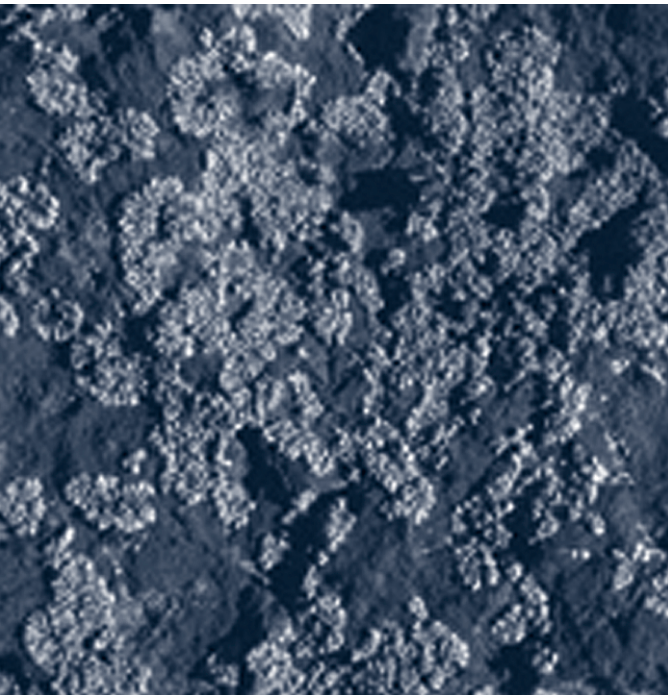


Toxic Moulds



- Toxic mould infestation is a significant issue in the US.
- There are no regulatory standards on acceptable exposure limits.
- Moisture preventative maintenance is essential.
- Timely and effective restoration is crucial to prevent mould growth after moisture intrusion.
- The underlying cause of water accumulation must be rectified.
- There are an increasing number of illnesses caused by toxic mould in the USA.
- Insurers have started to impose mould exclusions on liability policies.

Introduction

Regarded as little more than a nuisance two years ago, toxic mould infestation in US buildings has recently gained major media attention. It is becoming a significant issue for business owners, employees, home owners and dwellers, with growing public concern regarding the potential adverse health effects associated with exposure to mould. Alleged associated conditions range from respiratory illness, fatigue, memory loss and typical allergic reactions, through to brain tumours. As yet, toxic mould claims have not emerged as a significant threat in the UK but they could do so in the future.

There are no current regulatory standards related to acceptable exposure limits for mould or to containing or remediating identified toxic mould. Insurers, employers and other organisations generally rely on New York City Department of Health guidelines.

Background

Moulds are ubiquitous to the environment. They are essentially fungi, requiring food, water, oxygen and a suitable temperature in order to grow. There are more than 100,000 types of mould. 300 of these are thought to cause illness in humans.

Mould growth within buildings typically occurs when cellulose-based building materials such as plasterboard, carpeting, ceiling tiles, wood framing and insulation, become damp. Moisture may enter buildings through parts of the exterior structure such as the roof, walls or flooring, or through an incident such as sewage back up, a flood or a pipe bursting.

The two key factors in preventing mould growth are:

- ensuring that the building's moisture proofing systems are working properly and
- implementing timely and appropriate action to extract moisture following a water related incident.

Moisture prevention

When excessive moisture accumulates in buildings or on building materials, mould growth is likely to occur within 24 to 48 hours, particularly if the moisture problem remains undiscovered or unaddressed. Much of the mould found indoors comes from outside, i.e. spores entering the building through open doorways, windows, and heating, ventilation and air conditioning (HVAC) systems. When mould spores land on a damp area indoors, they begin growing on, digesting, and eventually, if uncontrolled, destroying whatever they originally landed on.



Mould growth depends on several inter-related factors, including:

- the amount of moisture present or generated
- insufficient ventilation in terms of air changes per hour
- the thermal properties of the building envelope
- the degree to which the dwelling is heated
- the surface absorption of the walls, floors and ceilings.

Since moulds cannot develop without a source of moisture, the key to mould prevention is moisture control, and a system of moisture preventative maintenance is essential.

Moisture related incident response

Mould growth within building interiors typically occurs when moisture impacts cellulose based building materials such as plasterboard, carpeting, ceiling tiles, wood framing and insulation. Examples of moisture related incidents include:

- burst pipes
- broken sprinkler heads
- sewage backup
- overflowing sinks or basins
- rainwater related floods.

The key to preventing mould growth is the timely and proper restoration of the impacted area. In order to ensure this, organisations should have in place a moisture related incident response procedure. The procedure should describe the following:

- how to stop the moisture intrusion
- when and how to extract the moisture from the building interior.

Mould remediation

Organisations should have in place a procedure for remediating mould from an affected area. The size of the area impacted by fungal contamination primarily determines the type of remediation required.

Removing mould will significantly increase airborne mould levels and, if not properly controlled, may affect the overall air quality of the indoor environment. The goal is to remove or clean contaminated materials in a way that prevents the emission of fungi and dust contaminated with fungi from leaving a work area and entering an occupied or non abatement area, while protecting the health of workers performing the abatement.

Insurance

There are concerns by insurers that the potential for liability damages awards in North America from individuals injured by exposure to mould could cost many billions of dollars. Some reinsurers, mindful of the historic cost of asbestos exposure, have reacted quickly and have started to impose mould exclusions as and when the direct writing insurer Reinsurance Treaties fall due for renewal. Unfortunately, whilst there is currently little evidence of claims alleging ill health caused by toxic mould within the UK or the rest of Europe, the exclusion is being imposed on a global basis. Whilst every effort will be made to negotiate around the exclusion, very often, the direct writing insurer will have little option but to exclude the risk on the General Liability policies even where there is little known exposure in Europe.

Conclusion

The number of claims and the level of settlements in the US are a fact of life now and effective protection may require very high limits of insurance cover, which may not necessarily be available. One settlement has already exceeded \$100m and there have been numerous other settlements above \$10m; legal costs constituted a very significant part of these. The levels of claims seen in the US may be due to the highly litigious nature of US society. In the UK, we have not seen any serious development in toxic mould claims, however, we should not be complacent.

Loss prevention will, therefore, become increasingly important. A moisture intrusion prevention and maintenance plan can prevent or respond to a moisture/water or mould condition. Prompt remediation of contaminated material and infrastructure repair is essential and the underlying cause of water accumulation must be rectified to prevent a recurrence of the fungal growth. For further advice and assistance on this issue please contact your usual Marsh representative.



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