

## **Insurers Grumble Over State's Moldy Homes**

Jeff Harrington, The St. Petersburg Times, South Pinellas Edition, Feb 3, 2005. pg. 1.D © Times Publishing Co.

Florida's four-hurricane season exposed a looming threat to the state's property insurance industry, according to industry leaders gathered for the annual conference of the Windstorm Insurance Network.

Now they just have to agree which threat is worst.

Is it mold infestation, worsening by the day as damaged homes await repair? Is it a troublesome legal climate in which, based on a recent Florida court ruling, skittish insurers may be forced to pay policy limits even if damage to a home was largely caused by another peril, such as flood?

Perhaps it's the fact that homeowners are often underinsured by tens of thousands of dollars, putting them in a financial crunch when tragedy strikes.

"I'd say 80 percent of the properties I've seen are way undervalued or underinsured," said Art Newman of Belfor, a contractor heavily involved in repairing hurricane-damaged homes.

"I'm doing appraisals where estimates (of insured losses) are \$50,000, \$60,000 over the policy limits."

Belfor was among nine participants in a panel discussion of lessons learned from Hurricanes Charley, Frances, Ivan and Jeanne - "the Big Four of '04" as Bill Bailey, panel moderator and special counsel for the Insurance Information Institute, likes to call them.

Attorneys on both sides of the fence offered their views, along with representatives of public adjusters, building contractors, engineers and government.

Bailey, who is co-director of a hurricane insurance information center created in August, said the 2004 hurricane season was not a watershed like 1992, the year of Hurricane Andrew.

Post-Andrew reforms such as higher insurance rates, higher deductibles and a hurricane catastrophe fund (or CAT Fund) eased the pain considerably this year. Only one overwhelmed insurer was taken over by state regulators. And even though more than 30 insurers have filed for rate increases or refused to write in parts of the state, there is no widespread exodus from Florida as in 1992.

Bailey said the multiple hurricanes show that parts of Florida's insurance model, such as the CAT Fund and state-run Citizens Property Insurance, need tweaking.

"The peril is if we go too far in tweaking," he said. If, for instance, the state pushes for a single-season deductible for hurricane insurers, that alone could prompt a 45 percent across-the-board increase in rates in addition to the pending rate hikes, he said.

To Joe Adams, the biggest looming issue is "the Big M word . . . mold."

As an attorney concentrating on community associations, Adams represents condominium owners and others struggling with post hurricane repairs. Every case, he said, involves mold.

With property values in Florida continuing to soar and consumers ignorant of their policy limits, "I see this becoming the most litigious issue arising out of the storms in the long haul," Adams added.

Panelists disagreed about the wisdom of raiding the state's CAT Fund to reimburse property owners who had to pay more than one deductible last year when hit by two or more storms.

"I understand the charitable point of view . . . but that's certainly not what the CAT Fund was intended to do," said Tampa attorney John Pappas, who spoke in defense of insurers.

Speakers could not even agree just how far along the claims settlement process is, nearly six months after Hurricane Charley began the barrage of bad weather.

Several quibbled with a report this week to the Florida Cabinet in which Florida Chief Financial Officer Tom Gallagher's office deemed 87 percent of the 1.6-million hurricane claims had been settled.

"I don't think it's anywhere near 80 percent, 87 percent," said Dick Tutwiler, a Tampa public adjuster and president of the Windstorm Insurance Network. "I just don't see it. . . . Get in a plane . . . and see the blue tarps on houses. They're still in misery."

Tim Marshall of Haag Engineering said his Texas-based consulting firm, which specializes in analyzing the causes of structure failures, is getting assignments pouring in every day and expects the volume to continue for a year.

Bailey said many claims may be considered "settled" if initial checks have been cut, even if repairs haven't been made or the reimbursement is in dispute.

"Nobody's going to count blue roofs and say they are unsettled claims. They just haven't been repaired," he said.

[Chip Merlin](#), a Tampa attorney who represents property owners in insurance disputes, speculated Gallagher was issuing consumer-friendly numbers "so that the next time he runs for governor, he'll have a chance to win."

To settle the debate, Merlin asked for a show of hands: Who thinks that 85 percent of their cases are "settled"? Out of more than 400 people in the room, one hand went up.

The conference runs through Friday at the Marriott Waterside Hotel in downtown Tampa.

Jeff Harrington can be reached at [harrington@sptimes.com](mailto:harrington@sptimes.com) or (813) 226-3407.

*by Jeff Harrington*, Published in The St. Petersburg Times, South Pinellas Edition, Feb 3, 2005. pg. 1.D © Times Publishing Co.