

Season's Storms Create Recipe for Mold Disaster

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March 19, 2003 -- Ever since last month's big blizzard, Charles Levine's phone has been ringing nonstop, with more than 400 callers a day. But he doesn't own a snowplow. He's a waterproofing specialist, and his callers are all worried about the same thing -- drying things out before mold sets in. "I'm predicting a catastrophe," says the Laurel, Md., contractor.

Warning, homeowners: This could be a very fuzzy spring. The big storms and wet winter in many parts of the country have basements flooded and carpet soggy -- perfect breeding grounds for the molds and fungi that have become a growing issue recently. Already, mold specialists from Florida to California say business is up 25% or more -- and they're booked solid for weeks. Among them: Lyle Deitch, a New York-based consultant who charges \$250 to swab carpets and peer behind walls for growing colonies. "The weather's helped business a lot," he says.

That could be bad news for folks facing allergic reactions from so-called toxic mold (aka *Stachybotrys*) -- not to mention a battle from their insurance company. Mold-related insurance claims reached a record \$2.5 billion last year, almost double 2001, and nearly all major insurers are now excluding mold from their standard policies. Meanwhile, everyone from controls makers like Honeywell (it makes an ultraviolet light to zap spores in heating ducts) to paint companies like DAP (it's putting the antibacterial Microban in special paint) is pushing new products to get rid of the stuff.

'Mushroomy Smell'

And it's not just a problem in wet, snowy climates. A year ago, when Sue Hooley moved from Massachusetts to Arizona, mold was the last thing on her mind. But shortly after she moved into her brand-new, \$600,000 house, she noticed a "mushroomy smell" near the front entrance after a rainstorm. The builder ripped out and replaced moldy walls and floorboards, but Ms. Hooley says the smell persists -- and these days she runs three special air filters in her bedroom, and complains of everything from chronic fatigue to constant sore throats. "My house is beautiful, but I love to get away from it," she says. "That's when I can breathe again."

Mold's been around forever, of course, but it didn't become a big issue for homeowners until two years ago, when a Texas woman won a \$32 million "toxic-mold" lawsuit against her insurance company, saying it had failed to clean up water damage that caused an infestation. (The award was later reduced to \$4 million, plus expenses and interest.) That set off a flood of claims -- literally. Before the suit, big insurer Allstate was getting about 250 mold claims a year; after it, the company says, it got that many each month. In Texas alone, the number of claims jumped more than tenfold in 2002 -- and so did homeowners' insurance premiums. Now, only one major insurer even offers mold coverage in its standard policies, so getting covered can mean shelling out as much as \$7,500 a year for a special policy.

The issue's such a red flag that any house with multiple repairs for mold may be tough to insure (Claims are part of a special database called CLUE -- Comprehensive Loss Underwriting Exchange -- which covers 90% of American homes). After Philip Schnepf's Michigan house came down with a bad case of toxic mold three years ago, his family moved out and had all the furniture destroyed -- and then Mr. Schnepf's insurer canceled his homeowner's policy. In the end, the roofing-system designer spent more than \$125,000 cleaning the place up, but now he's worried he'll have trouble selling. "The house has a history now," he says.

A Run on Pumps

That has folks scrambling to get rid of the water, fast. Hardware chain Lowe's says it has seen double-digit increases in sales of sump pumps in the Mid-Atlantic states, where snow is starting to melt -- and is expecting

similar jumps in the Northeast. Baltimore homeowner Richard Malisse hit his local hardware store after rain fell on top of 2 feet of snow, leaving his basement 6 inches deep in water. Armed with a pump, squeegee, bleach and a garden hose, he waded in. Now he's planning to have the foundation dug up and a new drainage system installed -- as soon as his contractor can find the time. "It's too much for one guy," he says.

The irony, experts say, is that improved building practices are at least partly responsible for the explosion in mold. Things like vapor barriers and heavy caulking, now required by building codes, give trapped moisture no way to escape, says Joe Lsituburek, a Massachusetts forensic engineer. "We've institutionalized mold," he says. Even lawyers who sue builders for mold-related problems agree. "Builders are required by law to build houses so energy-efficient they're like Tupperware -- they're not breathing," says Newport Beach, Calif., attorney Tom Miller.

Still, some waterlogged homeowners might do better to wait before calling in the heavy artillery. California attorney Sami Shamieh often gets called in to inspect what potential clients say is a fast-growing colony. But, he says, some people confuse mold with dirt. "I have to clear my throat and say, 'Um, you just have to clean that.' "

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