

Texas Jury Awards \$32 Million in Mold Proliferation Case

By John R. Hall

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AUSTIN, Texas -- A jury here awarded Melinda Ballard and her family \$32.1 million in a case involving extensive mold damage to their Dripping Springs, Texas home. The jury ruled that Farmers Insurance Group had improperly addressed Ballard's water-damage and mold claim and committed fraud in its handling of her claim.

Farmers said it would review the verdict and appeal if necessary. The insurance company added that it expects mold claims to cost the company \$85 million in 2001.

Homeowners and business owners are finding that this mold, often referred to as stachybotrys, is showing up in damp areas under sinks and on walls, adversely affecting the health of the building occupants. The number of insurance claims has increased dramatically as people are witnessing the effects of "tight" homes with poor airflow and inadequate outside ventilation, thus aiding growth of the mold.

In the Ballard story, she originally filed a claim against Farmers for water damage following a bathroom plumbing leak which caused damage to the home's hardwood floors. Despite the advice from a flooring contractor to replace the subflooring, Farmers ignored the warning. Ballard said, as a result of Farmer's refusal to replace the subflooring, the mold spread throughout the house, causing severe health problems for the family.

Despite a \$1.8 million offer to replace the home, the Ballards asked for more money because of environmental concerns; adding that it would cost at least \$1.3 million to tear the 11,500-sq-ft home down. The jury award included \$6.2 million for replacing the home and personal possessions.

According to a story in *The Wall Street Journal* the jury said Farmers had "engaged in unfair and deceptive acts and had failed to appoint a competent, independent appraiser."