

# LESSONS LEARNED FROM 2013 LOSSES

What Can Our First Year of Claims  
Teach Us?

# Where Did The Water Come From?

- 3 Roof Leaks
- 1 Open Window/ Door (With the AC On)
- 9 Poor HVAC Humidity Control
- 2 Plumbing Leaks
- 1 Through flooring and crawl space
- 2 Unknown

# Where Did Mold Grow?

- Ceiling tiles
- Walls
- Cabinets, Bookcases, Cubbies
- Air Vent Louvers
- Sink Cabinets
- On Books and Classroom Supplies
- Under Desks, Chairs, Tables, Bleachers

# When Was Mold Found?

- 9 instances between July 15 and September 14
- 2 instances in October

# How Long Did Clean-Up / Restoration Take?

- 2 schools took less than four days
- 5 schools took one week
- 3 schools took two weeks
- 1 school took three weeks
  
- The four schools that took over a week took longer because they needed a second round of remediation
- Two schools chose to do the work in phases; each phase lasted about a week

# What Did It Cost?

- 5 spent under \$25,000
- 1 spent \$25,000 to \$50,000
- 2 spent \$50,000 to \$75,000
- 1 spent \$75,000 to \$100,000
- 1 spent \$150,000 to \$200,000
- 1 spent \$250,000 to \$300,000

# What Costs Were Not Covered?

- Roof Repairs
- HVAC Cleaning/ Duct Encapsulation
- HVAC Adjustments
- Removing Excess Humidity / Drying Surfaces
- Plumbing Repairs
- Furniture, Rugs Replaced Without CIH Documentation
- Inspection to Locate Source of Water Intrusion
- Replacement of Water Damaged Materials

# Timeline of a Claim

- Give notice to AIG
- Receive a claim number
- Talk to your analyst
- Provide all requested documentation
- Receive the coverage letter
- If covered costs exceed the deductible, receive reimbursement



If the **Named Insured** utilizes a **PIER Network Provider** in response to an incident which results in **Emergency Response Costs** covered under Coverage C, and such **Emergency Response Costs** are incurred by a **PIER Network Provider**, the **Named Insured's** Deductible obligation shall be reduced by 50% subject to a maximum reduction of \$25,000, and such reduced Deductible amount shall apply among all the coverage sections applicable to the **Loss for Each incident**. In order for this Deductible reduction to apply, the **Named Insured** must provide proof of use of a **PIER Network Provider** including, at a minimum, a copy of the executed written contract between the **PIER Network Provider** and the **Named Insured** and a copy of the invoice(s) for such services which have been rendered under the aforementioned executed written contract in response to **Emergency Response Costs**. This provision does not alter the **Insured's** reporting obligations under Section **III.** of the Policy.

- If the **Named Insured** utilizes a **PIER Network Provider**
- in response to an incident which results in **Emergency Response Costs** covered under Coverage C

Reasonable and necessary expenses incurred in the remediation of contamination that must be incurred in response to Pollution Conditions that necessitates immediate action

and within 120 hours of the first commencement of such Pollution Conditions,

Or as approved by the Company in writing.

- and such **Emergency Response Costs** are incurred by a **PIER Network Provider**
- the **Named Insured's** Deductible obligation shall be reduced by 50% subject to a maximum reduction of \$25,000, and such reduced Deductible amount shall apply among all the coverage sections applicable to the **Loss for Each incident.**

- In order for this Deductible reduction to apply, the **Named Insured** must provide proof of use of a **PIER Network Provider** including, at a minimum, a copy of the executed written contract between the **PIER Network Provider** and the **Named Insured** and a copy of the invoice(s) for such services which have been rendered under the aforementioned executed written contract in response to **Emergency Response Costs**.
- This provision does not alter the Insured's reporting obligations under Section III. of the Policy.

# The Deductible Reduction in Action

- September 4 - The school gym is in full use, and there is no mold on the bleachers
- September 5 – after another full day of use, with outside doors being repeatedly opened, both condensed water and mold are found on the bleachers in the gym after school day ends. PIER Hotline contacted
- September 6 - A CIH from the PIER Provider Network is retained and he starts work developing a remediation approach
- September 11 - Remediation activities begin
- September 12 - Notice of Loss form filed with AIG
- September 16 - Remediation completed
- September 17 - All equipment removed, affected area released for school use.

# So – You Suspect Mold

- Should you handle it on your own, or call a professional?
- Call your broker, consider filing a claim
- Begin cleanup
- Complete the cleanup and receive clearance to use the affected areas
- Pay all vendors
- What about Certified Industrial Hygienists?

Certified Industrial Hygienists mutually  
agreed on by the insured and the  
Company

PIER Network  
Providers

# About Filing Claims

- Costs less than the deductible
- Costs could reach the deductible
- The Analyst's role

Call you, help with planned remediation, investigate and evaluate the facts and circumstances, determine coverage, then review invoices

- The school district's role

Remediate the mold, provide status updates and all requested information, promptly advise of new developments, pay the vendors



# Lessons Learned

- For mold to be an emergency under the policy, it must be a condition requiring immediate action and you must discover it within 120 hours of its first commencement.
- The only way to file a claim is for the district or the broker to submit the Notice of Claim form.
- The policy provides coverage for mold remediation, not mold prevention.
- Mold can develop and spread quickly. Mold remediation costs are dictated by how much mold there is. So the quicker you find it and remediate it, the lower your costs.

**Thank You!**