



**PIA Western Alliance
Moisture/Mold Summit
January 12, 2006
Seattle, Washington**

The PIA Western Alliance represents independent insurance agents in nine Western states—Arizona, Alaska, California, Idaho, Montana, Nevada, New Mexico, Oregon and Washington.

The problem

One of the websites accessed while doing research for this paper said mold damage is going to become the new asbestos. Though we have our doubts about mold and moisture damage reaching the staggering financial costs of asbestos, the issue is beginning to draw heat.

Mold has become a focal point of the news media because damage from moisture to homes and businesses is growing exponentially. The reasons for this attention ranges from construction that is shoddy, hurried and where cost-cuts rule to construction that is too tight and doesn't allow buildings to breathe to poor maintenance by consumers once they own a building.

Whatever the reason for moisture and mold damage, consumers, contractors, insurance companies, banks and real estate agencies around the nation are now engaged in legal entanglements that could end up costing them thousands of dollars. Some recent cases have skyrocketed into millions of dollars.

You get the point.

Courts are now engaged in the issue. Some lawsuits are legitimate while others are attempts by the unscrupulous to extort money from the groups we just named. Whatever the case, mold and moisture damage is now receiving national focus. Unfortunately much of what the legal system and consumers are learning about mold and moisture damage is coming from unlicensed and poorly trained remediators.

Even worse there are no consistent standards anywhere in the nation on the detection, management and remediation of moisture damage. The need for consistency in this arena has become critical.

This is the purpose of the PIA Western Alliance's first moisture/mold summit.

The summit

As we stated earlier, claims due to moisture damage cost insurance companies many millions of dollars each year. Uncontrolled moisture in homes and businesses provides the fuel for mold growth. Mold is the engine for structural damage and can cause serious health problems for occupants.

The original goal of the PIA Western Alliance moisture/mold summit was to make insurance companies aware of technology that can reduce these claims. This technology was brought to our attention by Mold Technologies™ (www.moldtechnologies.com) and Core Environmental Corporation (www.moldsoftware.com).

After discussion with other groups we decided to expand the concept. We have asked contractors, realtors and lenders to participate. Like insurance companies, each of these groups suffers millions of dollars in unnecessary losses every year.

Our independent research concluded that when the technology to be presented today is utilized before a property is insured, claims for moisture problems become manageable. When builders implement this or a similar moisture management system, liability claims decline. Many of the health claims associated with mold exposure can be reduced. Even properties that have experienced previous water or mold problems can be evaluated to determine if the issue has been properly eradicated. This type of moisture management system can also reduce costly legislation and government intervention.

It is important to note that the PIA Western Alliance is not using this summit to "sell" a particular brand of moisture management technology. Our goal is to provide information that will increase the understanding of the nature of mold and water intrusion and to build awareness about the preventive steps that can be taken to reduce exposure to losses resulting from moisture damage.

The goal of the summit is to provide a forum for you to begin developing policies that will lead to a standardization of the moisture management process. Our hope is that the standards you adopt will become national standards.

We have asked Mold Technologies and Core Environmental Corporation to make the presentation because they are seeking nationwide standards in moisture management.

Our approach is proactive. We want to assist contractors in finding problems before they become expensive claims. This also is of benefit to realtors and lenders. Our goal is to give consumers health protection by reducing the possibility of exposure to mold.

And—finally—the PIA Western Alliance wants to assist insurance companies. Standards adopted that fit this type of technology will allow you to write more business at less risk.

About the presenters

The PIA Western Alliance has presented the professionals from Mold Technologies at several of our conferences and conventions. At our request they have met with company representatives at various functions and the PIA Western Alliance organized an appearance for Mold Technologies at the September 2005 PIA National Board of Directors meeting in Portland, Oregon.

The benefits of this technology are unlimited to insurance agents, insurers, contractors, real estate professionals, government and to consumers. We will continue to work with Mold Technologies on presentations to these key groups.

The program

This program provides a consistent and reliable process for conducting qualitative and preventive moisture/water intrusion and mold assessments of properties.

These "moisture management" assessments will focus not only on any evidentiary history a property may have regarding water and/or mold claims, but will also identify the property's potential for future water intrusion. This is achieved by utilizing qualified mold Inspectors trained in the new Certified MoldTech® and Moisture Management System™ (CMTMM).

These Inspectors conduct a thorough inspection of each property and provide consistent and easy to read inspection reports that not only disclose interpretative lab analysis of any sampling conducted, but also identify areas within the property that are vulnerable to future water Intrusion due to deferred maintenance or construction defects.

Property assessments can be performed during the underwriting process, when evaluating new construction policies, when evaluating post-remediated properties, and for properties previously disallowed to participate in the conventional insurance process.

Program Benefits

For insurers:

- Reduces the potential for issuance of policies on properties with undisclosed water/mold history.
- Allows for the re-introduction to coverage of properties with properly repaired water/mold damage.
- Provides a record of identified areas as deferred maintenance issues on a property.
- Limits exposure to construction defect claims.

For consumers

- Enables qualified consumers to receive full coverage insurance.
- If conducted during transfer of ownership, it can protect consumers from undisclosed water/mold damage.
- Provides insured a “snapshot” of their property regarding water-related maintenance issues.
- Helps to protect homeowner against incomplete or inadequate remediation.

For IAQ professionals

- Provides access to vast network of insurance providers.
- Creates credibility structure for insurance-related work.
- Establishes a consistent scope-of-services for insurance-related work

How the program works

By selecting a Certified MoldTech and Moisture Management (CMTMM) Inspector™ from a national database, industry professionals can expect adherence to the following guidelines when requesting property moisture/mold assessments:

Visual assessment of property using the Moisture Management System™ protocols—A thorough visual assessment is conducted of the property grounds, building exteriors, structural aspects, and interior areas with special attention paid to plumbing-related interior spaces.

Areas of moisture intrusion or visible mold are documented—All signs of previous water damage, current moisture intrusion, or any suspected areas of microbial growth are documented and photographed.

Areas of vulnerability for potential future moisture intrusion are documented—Preventive maintenance and/or building defects will be documented and photographed for areas such as the following:

- Penetrations in building envelope.
- Damaged, missing exterior or improperly maintained moisture control

- systems (gutters, weather stripping, drains, etc.)
- Improperly installed or poorly maintained exterior flood control systems (grading, swale, etc.)
- Missing or Improperly maintained exterior moisture seal (cracked paint, missing or damaged siding, etc.)
- Inadequate or missing ventilation
- Missing, damaged or poorly sealed tile in bathrooms, kitchens and related areas
- Foul or musty odors.

Standardized documentation and photographic record is provided—All issues of concern are documented with standardized language and inspection report presentation is consistent among all Certified Inspectors.

Air sampling is conducted—Air sampling is conducted to determine the potential for mold Infiltration beyond the visual range. Two indoor and one outdoor baseline air samples should be taken as minimum requirement. Additional samples (air or substance) are recommended for any areas where signs of microbial growth or water damage are observed by the inspector. Independent accredited laboratories conduct all lab analysis of samples and the report must be provided in the form of an interpretive report

Standardized inspection report issued

- Easy-to-understand, plain-language report format
- All Issues supported with full color photo-documentation
- Common sense maintenance recommendations
- Indication of sampling recommendations
- Sampling inventory Included
- Attached interpretive laboratory report of sampling analysis

Requirements for Moisture Management Assessments

- All inspection personnel on inspection site must be CMTMM certified
- All CMTMM inspection protocols must be followed and documented
- All existing and preventive issues are documented and photographed
- Proper sampling protocols implemented
- Inspection report generated by MoldTech® Report Generator
- Adherence to standardized report language
- Sampling protocols, as provided by lab, are followed and documented
- Samples are analyzed by an independent accredited lab
- Interpretive lab report is issued
- Inspection report and lab report bound together
- Report delivered in timely manner

Breaking the mold—in conclusion

“At the conclusion of this summit will be a call to action,” said PIA Western Alliance Executive Vice President, Clark Sitzes. “We believe the PIA Western Alliance can be of invaluable assistance to companies, agents and consumers in helping to facilitate the standardization of moisture and mold assessment throughout the industry.”

Sitzes believes that it is important for the groups attending to move toward standardization.

“Standardization in the technology used to remediate current mold and moisture damage is critical to assuring that the job is done correctly. Standardization in prevention is even more critical and this is where insurance companies, contractors and the other groups involved in this summit can realize reduction in their risk.”