

~CSRMA BULLETIN~

Members managing a sewage collection system know all too well that the occasional sewer overflow is, unfortunately, a fact of life. When these overflows occur inside a home or business rapid and professional response is necessary to help minimize the impact on the customer and mitigate the cost of the claim. This involves pre-planning and preparation.

Part of this preparation involves identifying local water damage restoration contractors that have the necessary training, equipment, experience and insurance to perform the job in a manner that does not expose your Agency to increased risk. Because of the tremendous cost and potential health risks incorrect water damage remediation techniques can cause, it is imperative that your Agency only work with professionally trained and properly insured contractors.

**Ask Yourself:**

- Do you have a certificate of insurance on file from the firms you would call out?
- Do you know if the firms you would call out have insurance?
- Have you “qualified” the firms you would call out in terms of:
  - o Response Time
  - o Training
  - o Equipment
  - o Methods Used
  - o Mold Prevention Training & Methodology
  - o Years of Experience
  - o References

If you answered “NO” to any of these questions, CSRMA urges you to use the attached form to evaluate water damage restoration firms your Agency plans to utilize.

As the article below illustrates, incorrect remediation and reconstruction practices can have devastating consequences.

## Ed McMahon to get \$7.2 million in suit over mold

By Jean Guccione  
LOS ANGELES TIMES

LOS ANGELES — Insurers and others have agreed to pay Ed McMahon \$7.2 million to settle a lawsuit alleging that toxic mold spread through his Beverly Hills home, sickening the former “Tonight Show” sidekick and his wife and killing their dog, according to court records.

The settlement is the highest published recovery in the nation by an individual alleging prop-

erty damage in a mold case, said Chicago attorney Michael Childress, who leads an American Trial Lawyers Association group that tracks such litigation.

McMahon and his wife, Pamela, sued American Equity Insurance Co. in April 2002 for breach of contract, negligence and intentional infliction of emotional distress.

The couple and members of their household staff were sickened by toxic mold that spread

through their six-bedroom, Mediterranean-style house after contractors failed to properly clean up water damage from a broken pipe, their lawsuit alleged.

McMahon's doctor ordered the then-80-year-old to move out of his 8,000-square-foot house after he spent four months on antibiotics for coughing, sneezing and congestion. His health improved.

The McMahons' dog, Muffin,

began suffering from a respiratory illness about the same time the mold was discovered and had to be put to sleep, said McMahon's attorney, Allan Browne.

The McMahons, who at first rented a \$23,000-a-month house but then moved to reduce expenses, are having the mold removed from their property by replacing walls and treating beams, Browne said Thursday. They plan to return home in five or six months.

Contra Costa Times 5/9/03

***If you have any questions, please call David Patzer, CSRMA Risk Control at 415.371.5430 or Seth Cole, CSRMA Program Administrator at 415.371.5419.***

# CLEANING CONTRACTOR SELECTION PROCEDURES

## ISSUE: INSURANCE PROVISIONS WHEN USING WATER DAMAGE RESTORATION SERVICES FOLLOWING A SEWER OVERFLOW INTO A HOME OR BUSINESS

**DISCUSSION:** As an operator of a sewage collection system, your Agency must be prepared to respond to sewer overflows that occur inside a home or business. Part of this preparation involves identifying local water damage restoration contractors that have the necessary training, equipment, experience and insurance to perform the job in a manner that does not expose your Agency to increased risk. Because of the tremendous cost and potential health risks incorrect water damage remediation techniques can cause, it is imperative that your Agency only work with professionally trained and properly insured contractors. This form is designed to assist you in identifying these water damage restoration contractors in your area.

### REQUEST TO PROVIDE WATER DAMAGE RESTORATION SERVICES

Name of Company: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_

Years in Business: \_\_\_\_\_ Average Response Time: \_\_\_\_\_ # of Field Service Vehicles: \_\_\_\_\_

Please List Any Water Damage Restoration Protocols Your Firm Follows: \_\_\_\_\_

Is Your Staff Trained & Equipped To Address Mold Prevention? [ ] Yes [ ] No  
If Yes, Please Identify When This Training Was Provided and By Whom: \_\_\_\_\_

**Do You Have:** (please check all that apply)  
[ ] General Liability Insurance? Limits: \_\_\_\_\_ Is there a mold exclusion in your policy? [ ] Yes [ ] No  
[ ] Mold Coverage? Limits: \_\_\_\_\_  
[ ] Errors & Omissions Coverage? Limits: \_\_\_\_\_  
[ ] Workers' Compensation Coverage?

### Please Identify at Least 3 References That Have Used Your Services In The Last Year:

1. NAME: \_\_\_\_\_ PHONE: \_\_\_\_\_  
2. NAME: \_\_\_\_\_ PHONE: \_\_\_\_\_  
3. NAME: \_\_\_\_\_ PHONE: \_\_\_\_\_

If your firm is placed on our callout list, we will require that you submit a Certificate of Insurance naming <Insert Name> as the additional insured. Is this acceptable: [ ] Yes [ ] No

I Certify the Above is True and Correct To The Best Of My Ability:

\_\_\_\_\_  
NAME DATE

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## INSTRUCTIONS TO CITY/AGENCY

CSRMA recommends that your Agency ***not*** contract with any water damage restoration firm that does not:

- Have general liability coverage with at least \$1,000,000 limits
- Have an average response time less than 1 hour
- Has Workers' Compensation coverage
- Has been in business for less than 1 year
- Has fewer than 2 field service vehicles
- Has not provided mold remediation training to its staff in the last 2 years
- Does not identify a recognized or industry accepted protocol for remediating water damage (*i.e IICRC S500, New York City Guidelines, other*)
- Cannot provide 3 references that have used their services in the last year
- Cannot provide your Agency with a Certificate of Insurance naming your Agency as the additional insured and otherwise complying with CSRMA's "Insurance Requirements in Contracts" manual.

## IF YOU HAVE ANY QUESTIONS, PLEASE CALL EITHER:

### **CSRMA MEMBERS→**

RAY AROMATORIO, CARL WARREN AND COMPANY AT 805 963-0695 OR  
DAVID PATZER, CSRMA RISK CONTROL ADVISOR AT 415.371.5430