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# BOUT YOUR HOUSE

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## WATER DAMAGE, MOLD AND HOUSE INSURANCE

You've had water damage in your house due to a burst pipe, a roof leak or a heavy summer storm. You hope that your insurance will cover the damage. What to do? First, read about mold below. You may not know the implications of water and mold damage.

### What is mold, and why should you care?

Molds are part of a group of micro-organisms called fungi that also includes mushrooms and yeasts. Molds are familiar to most people as food spoilers on items such as bread or fruit. Molds are nature's decomposers in the food chain. Mold requires the following conditions to grow:

- mold spores (which are always present indoors and outdoors);
- the right temperature range, from 2 to 40 °C;
- a food supply, which means anything organic such as books, carpets, clothing, wood, drywall, etc.; and,
- a source of moisture.

The last condition, moisture, is the only practical factor to control in most houses.

If allowed to grow inside your house, mold can be a problem because:

- it can damage your possessions
- it can cause health problems, for example:

"... mould ... can cause ... allergic reactions such as asthma or allergic rhinitis, non-allergic reactions such as headaches, and other symptoms [including] lung and breathing infections" (Health Canada, 2003).

### Dry Quickly to Avoid Mold!

1. First, call your insurance broker or agent and report the water damage. You can expect to discuss these questions and issues:
  - How did the water damage occur?

- Is this damage covered by your policy?
  - Did the damage occur during the period your policy was in effect?
  - Are you reporting the water damage promptly (within 24 hours) to allow quick drying and repairs?
2. Hire a contractor to clean up the water and make repairs as needed to your house. Your adjuster can recommend contractors, but you must confirm the selection with your adjuster—the contractor reports to and is paid by you.



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You need to be sure that the adjuster and the contractor are following the best possible procedures to look after your concerns. A thorough and fast cleanup will help avoid mold growth. If you wait too long and mold growth starts, cleanup costs will increase significantly. This is what you should be looking for:

### **Speed**

Mold grows quickly; your adjuster should ensure that you have a contractor in your house promptly

### **Knowledge**

The contractor you select should have certification or training in water damage restoration and mold remediation.

### **Competence**

The contractor should follow basic, good clean up practices after your water damage. Here are some things to look for:

- The moisture source is stopped.
  - Wet items that can't be salvaged are removed.
  - What can't be removed is dried quickly.
  - Ideally, drying is done within 48 hours (to minimize mold growth).
  - No refinishing is done until the area is thoroughly dried.
3. Confirm that the contractor checks thoroughly to make sure all wet areas are completely dry. Be sure all cavities, such as crawl spaces, are dry.

4. Make sure all repairs and cleaning have been done properly before you tell your adjuster you are satisfied.

## **You've Got Mold**

If you already have extensive mold because, for example, you've had water damage while you've been away for two weeks, or there was a long delay between the water damage and the arrival of a restoration contractor, then you and your adjuster will have to discuss the following:

1. Drying the damaged area, as discussed above in Steps 1 to 4. In addition, your adjuster will ask you about pre-existing mold and discuss minor or hidden water damage with you. See the boxes on page 3 for more information.
2. Removing the mold safely. To protect the workers and you and your family from exposure to mold, the contractor must follow certain procedures. Here are some things to look for:
  - The affected area should be sealed off from the rest of your house.
  - The workers should be wearing protective gear.
  - There will need to be an exhaust fan removing air from the affected area to the outdoors.
  - No chemical disinfectants, such as bleach, should be used during clean up, only fragrance-free detergent.

- Moldy materials should be sealed in plastic, if transported through your house.

3. Confirm that the contractor checks thoroughly to make sure there is no remaining mold in your house. This means inspecting:

- All areas adjacent to the mold growth.
- Behind wallpaper.
- In areas where water may have seeped, such as wall cavities, basement subfloors, crawl spaces, etc.
- Under wall-to-wall carpeting.

4. Make sure the repairs and cleaning have been done properly and check for the possible spread of the mold before you tell your adjuster you are satisfied. This is what you should ask yourself:

- Do you smell mold?
- Do you see mold?
- Have all affected items been either properly cleaned and dried or discarded if cleaning is not effective?
- Are you or your family experiencing health problems that could be mold-related?

## **Pre-existing mold**

Typically, most insurance policies cover mold damage if it is directly related to a "covered peril" or insured loss. This means that the direct cause of the water damage, and consequently the mold growth, can be identified. Your adjuster will want to determine whether the mold you are reporting is *pre-existing*. In other words, was mold in your house prior to the water damage? The adjuster may make a visit to your house to assess the cause of the mold.

If you have a damp basement already full of moldy furniture and stored items, for example, and a water pipe bursts, you cannot claim for the material that was damaged prior to the water damage caused by the burst pipe. A good inspector should be able to tell the difference between pre-existing mold and recently developed mold.

The adjuster may determine that the mold is the result of some factor other than the water damage (the burst pipe) you reported, such as lack of maintenance or poor house design. If the mold was not the result of a specific occurrence that is covered by your insurance policy, the mold damage is unlikely to be covered by your policy.

## **Mold from ongoing minor or hidden water damage**

Minor or hidden water damage means that you had a leak for a long time before you became aware of it. The water seepage may be, for example, from a water pipe, hot water heater, or a window seal. You almost certainly have mold along with the leak and water damage. The adjuster and contractor will need to deal with both issues, the water damage and the mold. Again, the cause of the leak will determine what costs your house insurance will cover. Discuss with your adjuster whether the cause of the minor or hidden water damage is covered by your policy and whether the mold was pre-existing.

## Other useful information from Canada Mortgage and Housing Corporation

*About Your House CE 8 Fighting Mold—Homeowner's Guide*, Free (order #60516)

*About Your House CE 7 After the Flood*, Free (order #60515)

Clean-up Procedures for Mold in Houses \$3.95 (order #61091)

Cleaning Up Your House After the Flood, \$3.95 (order #61094)

The Clean Air Guide—How to Identify and Correct Indoor Air Problems  
in Your House, \$5.95 (order #61082).

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To find more *About Your House* fact sheets plus a wide  
variety of information products, visit our Web site at  
**[www.cmhc.ca](http://www.cmhc.ca)**

or contact:

Your local CMHC office

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