

Mold Damage: U.S. District Court Addresses Homeowner's Insurance Policy Coverage Question



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A United States District Court (Northern District Alabama) addressed in an August 9th Opinion whether a State Farm Fire & Casualty Co. ("State Farm") homeowner's insurance policy covered mold damage. See *Singh v. State Farm Fire and Casualty Co.*, 2017 WL3425521.

Prithpal Singh ("Singh") brought an action against State Farm alleging claims for breach of contract in regards to the policy.

In June 2015 a storm damaged the roof of Singh's home. The damage included significant water leakage and resulting mold damage to the home's foundation.

The losses were reported to State Farm. The insurance company provided a partial replacement estimate cost which excluded coverage for mold damage.

Singh disagreed with the partial loss assessment and indicated State Farm refused to discuss the matter. He hired Terrell Technical Services which subsequently reported that:

...[t]he fungal growth, water sustaining, and/or water damage on finishing and/or construction materials within the interior, attic, and crawl space of the home appeared to be the result of direct water intrusion that occurred following the fallen tree limbs that damaged the southwest portion of the roofing system. Certified indoor environmental consultations and hygienists were stated to have recommended that Singh undertake remediation efforts based on the extent of the fungal contamination.

State Farm concluded that any resultant mold from the covered loss was not covered under the homeowner's policy based on Endorsement FE-3413 ("Endorsement"). The Endorsement listed fungus under "Losses Not Insured."

Singh subsequently filed an action alleging that State Farm "improperly construed, has refused to pay, improperly paid or paid less than required certain coverages Singh should have received pursuant to his policy."

State Farm sought summary judgment in regards to Singh's claim related to the denial of the damage from mold. In support of the motion, the insurance company contended that the policy "specifically excludes mold from coverage, regardless of how and why such mold damaged occurred."

Singh admitted that the Endorsement (addressing mold) excluded coverage for the mold damage. Singh argued in response that the Endorsement was not part of the policy because he never received a copy of it or the Certified Policy Record.

The Court found that the Endorsement was part of Singh's policy. It noted that Singh admitted "Covered Declaration Sheets" showing his coverage and premium amounts. The Court further stated:

...Based on this contention, the Court assumes Singh is referring to the Declarations Page found at doc. 15-6 at 3 or the Renewal Certificate found at 15-6 at 7, which contain the annual premium amount. Significantly, both the Declarations Page and the Renewal Certificate lists the Endorsement and the policy's Loss Settlement Provision section. Doc. 15-6 at 3 and 7. Moreover, the Declarations Page states that '[y]our policy consists of this page, any endorsements and the policy form'.

The Court stated that under Alabama law Singh had a duty to investigate the contents of the insurance forms (although he claimed not to have received the Endorsement) because the Declarations Page indicated that the forms were part of the policy. It further held:

Therefore, even if Singh did not receive the Certified Policy Record Doc. 15-6, or a copy of the Endorsement at issue, absent a showing that the text of the Endorsement State Farm is relying on is different from the one referenced in the coverage declaration sheets, Singh is bound by the terms of the Endorsement in light of his failure to investigate the contents of the Endorsement referenced in his policy.

The Endorsement was deemed clear in terms of absence of coverage for mold damage. As a result, the Court granted summary judgment to State Farm on the mold coverage issue.

A copy of the opinion can be downloaded [here](#).