

Drywall Insurance Coverage Still Possible

In December, New Orleans U.S. District Judge Eldon Fallon ruled that home owners' policies exclude coverage for damage caused by defective or faulty material also exclude corrosive drywall.

Some experts have said the ruling will eliminate the availability of home owners' insurance coverage for corrosive, imported drywall, but attorneys disagree. Attorneys indicate the ruling will have limited impact since Judge Fallon's ruling was based on Louisiana law and only applies to the hundreds of consolidated drywall-related lawsuits filed in the state.

However, home owners in other states could benefit from the ruling given that Judge Fallon said, "In the present cases, the Chinese-manufactured drywall has caused a 'distinct, demonstrable, physical alteration' of the plaintiffs' homes (the covered properties) by corroding the silver and copper elements in the homes, often to the point of causing total or partial failure in electrical wiring and devices installed in the homes, as well as by emitting odorous gases."

Attorney Scott Weinstein says, "This may indicate courts will find coverage against insurance companies issuing liability policies to builders and suppliers. These insurers have been relying on the 'pollution exclusion' when breaking their promises to their insured." Commercial policies could provide homeowners with better compensation for damages and repairs.

Source: Bradenton (Fla.) Herald, Duane Marsteller (01/03/11)