

## INSURANCE OFFICIAL'S REMARKS PREMATURE?

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According to the Nov. 4 issue of the Herald-Tribune, Florida Insurance Commissioner Kevin McCarty has gone on record with his view that homeowner losses related to Chinese drywall are "not a covered peril" under homeowners' insurance policies.

I respectfully submit that the commissioner's statements are premature. As was discussed at a Chinese-drywall insurance conference that I recently co-chaired in Miami, there are several key issues under homeowners' policies that could affect the existence and scope of coverage, including potential disputes over the "ensuing loss" doctrine. Moreover, the commissioner's statements do not address the potential availability of coverage under general liability policies issued to developers, contractors and other companies in the supply chain. These policies also could affect the amount of funding available to compensate homeowners.

According to the Herald-Tribune, the commissioner believes that the federal government must come up with a funding solution. There may well be a role for the federal government to play in addressing the Chinese-drywall problem. But that role, whatever it is, should be in addition to, not in lieu of, participation by insurance companies, who must honor, and who have the resources to honor, their contractual commitments.