HOMECLEANSE

FIELD GUIDE · No. 01

Mold Remediation Insurance Guide

A plain-English guide to water-damage claims, mold caveats, documentation, adjusters, and smart next steps.

Start with the source of the water — not the word “mold.”

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The Core Rule

The core rule: insurance usually starts with the source of the water, not the word mold.

Most policies treat mold as a downstream result. A claim is stronger when the mold resulted from a covered, sudden, accidental event - for example, a burst pipe, appliance discharge, or firefighting water. Claims are weaker when the source looks gradual, maintenance-related, flood-related, sewage-related without an endorsement, or pre-existing.

Use this guide to help homeowners understand what to look for, what to ask, and how to prepare before and during an insurance claim. This is not legal or insurance advice. The actual policy, endorsements, state law, claim facts, and carrier interpretation control the outcome.

Please read

We are not licensed adjusters and this is meant to be for educational purposes only. Please consult with a licensed public adjuster to review your specific coverages and see what can be done with your specific claim.

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What Help Might Insurance Provide?

Potential bucket	What it may mean
Water mitigation	Emergency extraction, drying, dehumidification, leak access, and steps taken to prevent additional damage after a covered water loss.
Building repairs	Repair or replacement of covered building materials damaged by the covered water event, such as drywall, flooring, trim, cabinetry, or structural components.
Mold cleanup / remediation	Sometimes covered only if mold resulted from a covered peril and only up to a mold/fungi limit. Many policies limit or exclude this category.
Testing	Some limited fungi/mold endorsements include testing of air or property to confirm the presence, absence, or level of fungi/bacteria when there is reason to believe it is present.
Personal property	Damaged contents may be covered, but payment depends on replacement cost vs. actual cash value, exclusions, and policy limits.
Additional living expenses	If a covered loss makes the home uninhabitable, the policy may pay reasonable extra costs to live elsewhere. Mold-related ALE may be limited by endorsement language.
Flood disaster assistance	FEMA disaster assistance may sometimes help with mold-related disaster damage, but NFIP flood insurance and FEMA assistance follow different rules.

Educational resource only. Coverage depends on policy language, state law, and facts of loss.

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The Coverage Logic: Start With the Cause

A practical way to read a mold-related insurance situation is this:

1. **What was the original source of water or moisture?**
2. **Is that source covered, excluded, or covered only through an endorsement?**
3. **Did the homeowner take reasonable steps to stop the damage from getting worse?**
4. **Does the policy include a mold/fungi/wet rot/dry rot/bacteria endorsement or sublimit?**
5. **Are the requested costs building damage, contents, testing, access/tear-out, remediation, ALE, or upgrades? Each bucket may be handled differently.**

Why this matters

NAIC consumer resources note that homeowners policies often exclude mold, while endorsements may be available for mold, sewer/drain backup, and sump pump overflow. The Insurance Information Institute similarly explains that mold is generally not covered as a maintenance issue, but may be covered when it results directly from a covered peril such as a burst pipe.

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Common Scenarios: Stronger, Weaker, or Policy-Dependent

Scenario	Claim strength	Why
Burst pipe or sudden plumbing discharge	**Often stronger**	Sudden and accidental water damage is commonly the strongest starting point. Mold cleanup may still be capped or limited.
Water heater, dishwasher, washing machine, supply line failure	**Often stronger**	If sudden and accidental, mitigation and repairs may be covered. Preserve failed parts and photos.
Firefighting water	**Often stronger**	Mold can develop after fire suppression water. Ask specifically how mold from firefighting water is handled.
Roof leak from storm-created opening	**Policy-dependent**	Wind/hail may be covered, but old roof deterioration or poor maintenance may be disputed.
Long-term leak behind wall, repeated seepage, humidity, condensation	**Often weaker**	Gradual damage, wear and tear, neglect, or repeated seepage are frequent exclusions.
Floodwater, storm surge, surface water, river overflow	**Usually not homeowners**	Standard homeowners policies generally exclude flood. Separate NFIP/private flood coverage or FEMA assistance may apply.
Sewer backup or sump pump overflow	**Endorsement-dependent**	Often excluded unless the policy has water backup / sump overflow coverage.
Hidden mold discovered during renovation	**Often weaker**	If no covered event can be tied to it, the insurer may treat it as pre-existing or maintenance-related.
Mold on contents / belongings	**Policy-dependent**	Contents coverage may differ from building coverage. Cleaning, disposal, storage, and replacement must be documented.

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Important Gray Areas and Conflicting Guidance

Mold is excluded vs. mold is covered after a covered loss

Both can be true. Many policies exclude standalone mold but give limited coverage when mold results from a covered peril. Some endorsements add a dollar limit; some policies may have stronger exclusions.

NFIP/flood insurance does not cover mold vs. mitigation costs may be considered

FEMA public materials include statements that NFIP flood policies will not cover mold damage, while policyholder guidance and NFIP materials discuss reasonable actions to mitigate mold/mildew and case-by-case evaluation. Treat flood-related mold as especially fact-specific.

Homeowners water damage vs. flood

A burst pipe inside the house is usually a different claim path than floodwater entering from outside. Using the word flood loosely can confuse a claim. Be truthful and describe the actual source: water from a failed supply line, roof opening, sump overflow, surface water, etc.

Preferred vendor vs. independent contractor

Carrier-preferred vendors may speed up approval, but the homeowner can often get independent estimates and should confirm quality, scope, containment, and standards. Do not sign away claim rights without understanding the document.

Replacement cost vs. actual cash value

Replacement cost may still be paid in stages: an initial ACV payment, then recoverable depreciation after repairs/replacement and receipts. Homeowners often miss the second payment window.

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What to Pull From the Policy Before Filing or Appealing

Read these before you file or appeal

- [ ] Declarations page: coverage limits, deductibles, water backup limits, mold/fungi limits, flood policy info, endorsements.
- [ ] Perils insured against: is this named peril, open peril, all-risk/special form, or limited form?
- [ ] Water damage exclusion: look for flood, surface water, sewer backup, sump overflow, seepage, leakage over time, repeated leakage, or below-ground water language.
- [ ] Fungi / mold / wet rot / dry rot / bacteria endorsement: look for the dollar limit, aggregate limit, testing language, tear-out/access language, and whether coverage requires a covered peril.
- [ ] Duties after loss: prompt notice, protect property, keep records, exhibit damaged property, proof of loss deadlines, examination under oath, cooperation duties.
- [ ] Loss settlement: replacement cost vs. actual cash value, recoverable depreciation, matching, ordinance or law, and upgrade exclusions.
- [ ] Additional living expense / loss of use: when it applies, what expenses are reasonable, and whether mold-related ALE is included in or limited by the fungi sublimit.
- [ ] Appraisal, mediation, appeal, suit limitation: deadlines can be strict.

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Claim Roadmap: What to Do First

1. **Stop the source safely**
   Shut off water if possible, call emergency plumbing, and address active intrusion. Do not enter unsafe areas.

2. **Document before disturbing**
   Take wide photos, close-ups, videos, moisture readings if available, appliance serial numbers, damaged materials, and the path of water.

3. **Report promptly in writing**
   Call the carrier/agent, then follow up by email. Use factual language and avoid guessing about causes you do not know.

4. **Mitigate further damage**
   Most policies require reasonable steps to protect property. Save receipts for emergency services, drying, tarping, plumbing, temporary lodging, and supplies.

5. **Ask for the policy and claim rules**
   Request the full policy, endorsements, declarations, claim number, adjuster contact, expected inspection timeline, and proof-of-loss requirements.

6. **Get a detailed scope**
   Ask contractors for line-item estimates separating water mitigation, building repairs, contents, mold remediation, containment, testing, disposal, and rebuild.

7. **Keep everything in one claim folder**
   Create a timeline, communication log, receipt folder, photo folder, contractor estimates, lab reports, inspection notes, and carrier letters.

8. **Do not accept a thin denial**
   If denied or underpaid, request the exact policy language and factual basis for the decision in writing.

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Smart, Ethical Tips People Often Miss

Before, during, and after the claim

- Ask the adjuster to separate covered water damage from mold-limited items. A mold sublimit may cap only the mold-related increase, not unrelated covered water damage.
- Ask whether access/tear-out to reach hidden moisture or mold is covered. Some mold endorsements specifically mention tearing out and replacing property needed to access fungi/bacteria.
- Preserve samples of removed materials when safe and reasonable, especially after flood damage, because they can help prove the loss.
- If the carrier sends an adjuster before areas are opened, ask whether a reinspection will be allowed after hidden damage is revealed.
- Get the failed part documented. A plumber letter saying the supply line suddenly failed can be very different from a vague invoice that says leak repaired.
- Do not let anyone write “pre-existing,” “long-term,” or “flood” unless that is actually established. Accuracy matters. Guessing can sink a claim.
- Ask about recoverable depreciation after the first payment. Many replacement cost claims require receipts to recover withheld depreciation.
- Ask about ALE before moving out. Confirm what is covered, daily limits, length of coverage, and documentation requirements.
- Use written confirmations after every phone call: “My understanding is…” This builds a paper trail without sounding combative.
- Be careful with Assignment of Benefits, direction-to-pay, emergency service authorizations, and public adjuster contracts. Read fee terms, cancellation rights, and what rights you are assigning.

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Who to Talk To and What Each Person Does

Person	Role
Insurance agent / broker	Explains policy options and endorsements. May help report claim but usually does not decide coverage.
Carrier claim representative	Opens claim, coordinates communication, requests documents, and explains process.
Insurance company adjuster	Employee or representative of carrier who evaluates damage and coverage for the insurer.
Independent adjuster	A contractor hired by the insurer to adjust claims, often after disasters or when local capacity is limited.
Public adjuster	A licensed professional hired by the policyholder to prepare, present, and negotiate the claim. Fees are often a percentage of settlement and rules vary by state.
Water mitigation contractor	Extracts water, dries materials, sets equipment, documents moisture, and prevents further damage.
Mold assessor / industrial hygienist / indoor environmental professional	Evaluates extent, may create remediation protocol, and may conduct clearance/testing. Licensing rules vary by state.
Mold remediation contractor	Performs containment, removal, cleaning, HEPA vacuuming, negative air/air filtration, disposal, and remediation work.

Person	Role
Attorney	Useful when there is a major denial, bad faith concern, coverage dispute, missed deadline risk, or large claim.
State Department of Insurance	Consumer help and complaint channel when the insurer delays, denies, or handles the claim unfairly.

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Questions to Ask the Adjuster

Get the coverage logic in writing

- [ ] Can you identify the exact policy sections and endorsements you are applying to this claim?
- [ ] Are you treating this as water damage, mold/fungi, flood, sewer backup, sump overflow, or another category?
- [ ] Is the initial water event covered? If not, what exclusion applies?
- [ ] Is there a fungi/mold/wet rot/dry rot/bacteria sublimit? What is the amount and is it aggregate?
- [ ] Does the mold limit apply only to mold cleanup/testing or also to building repairs, access, contents, and ALE?
- [ ] Will the policy cover testing before, during, or after remediation if there is reason to believe mold is present?
- [ ] Will you approve emergency mitigation before final coverage determination? How should invoices be submitted?
- [ ] If hidden damage is discovered after demolition, what is the supplement/reinspection process?
- [ ] Are there deadlines for proof of loss, repairs, depreciation recovery, appraisal, mediation, or suit?
- [ ] If any part is denied, can you send the denial with specific policy language and factual reasons?

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What a Strong Remediation / Repair File Should Include

Build the file as you go

- [ ] Cause-of-loss documentation: plumber report, roof report, appliance diagnosis, photos of failed part, date/time discovered.
- [ ] Moisture documentation: moisture map, photos of meters, drying logs, equipment logs, affected-room diagram.
- [ ] Scope broken into categories: emergency mitigation, source repair, mold remediation, contents, testing, rebuild, storage, ALE.
- [ ] Containment and safety plan: containment barriers, negative air/air filtration, PPE, HVAC protection, disposal methods.
- [ ] Standards reference: ask whether the contractor follows recognized standards such as ANSI/IICRC S500 for water damage restoration and ANSI/IICRC S520 for mold remediation.
- [ ] Before/during/after photos: especially inside cavities, under flooring, behind cabinets, HVAC returns, crawlspaces, attics, and containment areas.
- [ ] Clearance/verification documentation: where applicable, include protocol, post-remediation verification, and any lab reports.
- [ ] Invoices with line items: avoid vague “mold job” invoices when seeking insurance reimbursement.

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If the Claim Is Denied, Underpaid, or Delayed

Your response, step by step

- [ ] Request the denial or partial denial in writing with the exact policy language used.
- [ ] Compare the denial to your facts: source of water, timeline, mitigation steps, photos, expert reports, and endorsements.
- [ ] Ask for reinspection if hidden damage was discovered later or if the adjuster did not inspect opened areas.
- [ ] Submit a supplement with contractor estimates, causation letters, moisture maps, lab reports, and receipts.
- [ ] Consider a licensed public adjuster for large or complicated claims, especially when the scope is disputed.
- [ ] Consider an attorney for major coverage disputes, bad faith concerns, or strict deadline issues.
- [ ] Use your state Department of Insurance complaint process if the insurer delays, fails to explain decisions, or appears not to follow the policy or state rules.

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Coverage to Ask About Before the Next Loss

Review at your next renewal

- [ ] Mold/fungi/wet rot/dry rot/bacteria endorsement and available limit options.
- [ ] Water backup / sewer / drain / sump pump overflow endorsement.
- [ ] Flood insurance through NFIP or private flood insurance, especially if outside water is a realistic risk.
- [ ] Equipment breakdown or service line coverage, if available and relevant.
- [ ] Ordinance or law coverage for code-required upgrades after covered damage.
- [ ] Replacement cost coverage for dwelling and contents, not just actual cash value.
- [ ] Extended replacement cost or inflation guard if rebuilding costs have increased.
- [ ] Loss-of-use/additional living expense limits that are realistic for local housing costs.
- [ ] Claims-free discount tradeoffs: understand when a small claim may not be worth filing.

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Sample Language Homeowners Can Use

A calm, factual template to adapt when first reporting a claim.

Fill in the brackets with your own details.

Copy and adapt this

I am reporting water damage discovered on [date] in [area of home]. The known source appears to be [burst supply line / appliance discharge / roof opening / unknown source]. I have taken steps to prevent further damage and am documenting the affected areas. Please confirm my claim number, assigned adjuster, applicable deadlines, and any inspection or proof-of-loss requirements. Please also provide a complete copy of my policy, declarations, and endorsements, including any water damage, water backup, flood, and fungi/mold/wet rot/dry rot/bacteria provisions.

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Glossary: Insurance Terms in Human Language

- **Actual Cash Value (ACV)**
  Replacement cost minus depreciation for age, wear, condition, and obsolescence.
- **Additional Living Expense (ALE)**
  Extra cost to live elsewhere if a covered loss makes the home uninhabitable.
- **Adjuster**
  Person who evaluates damage and claim payment. Some work for insurers; public adjusters work for policyholders.
- **Aggregate limit**
  The most the policy will pay for a category across the policy period or claim set.
- **Appraisal**
  A policy process to resolve amount-of-loss disputes, usually not coverage disputes.
- **Assignment of Benefits (AOB)**
  A contract that transfers claim benefits or rights to a contractor or third party.
- **Covered peril**
  A cause of loss the policy covers, such as certain sudden accidental water damage, fire, wind, etc.
- **Declarations page**
  The policy summary page listing limits, deductibles, endorsements, property address, and named insured.
- **Deductible**
  Amount the policyholder pays before insurance pays.
- **Endorsement / rider**
  An add-on or change to the policy that can add, limit, or exclude coverage.
- **Exclusion**
  Policy language saying what is not covered.
- **Flood**
  Often defined as outside/surface water entering the home. Standard homeowners policies usually exclude it.
- **Fungi/mold endorsement**
  Policy form that may exclude broad mold coverage but give limited coverage when mold results from a covered peril.
- **Independent adjuster**
  An adjuster hired by the insurance company as an outside contractor.
- **Mitigation**
  Reasonable steps to stop damage from getting worse, such as water extraction, drying, tarping, or source repair.
- **Proof of loss**
  A sworn or formal statement of claimed damage. Deadlines can be strict, especially for flood claims.
- **Public adjuster**
  A licensed claim professional hired by the homeowner, usually paid by a percentage of settlement.
- **Recoverable depreciation**
  The withheld depreciation paid later after replacement/repair and receipts, if the policy allows.

- **Replacement Cost Value (RCV)**
  Cost to repair or replace with like kind and quality without depreciation, subject to policy terms.

- **Sublimit**
  A smaller limit inside the policy for a specific kind of loss, such as mold or sewer backup.

- **Supplement**
  Additional claim payment request after more damage is found or costs change.

- **Water backup**
  Water backing up through sewer, drain, or sump; commonly requires a separate endorsement.

CTA

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Navigating a Claim? We Can Help

A well-documented file supports a stronger claim

HomeCleanse works to recognized standards (ANSI/IICRC S520) and can provide line-item scopes, containment plans, moisture documentation, before/during/after photos, and post-remediation verification — the kind of file that supports a clearer conversation with your carrier.

Talk To A Wellness Guide

Learn About The HomeCleanse Process

REF

Research Sources

This guide draws on public consumer resources. Sources include:

- National Association of Insurance Commissioners (NAIC), Homeowners Insurance consumer guide
- NAIC, A Consumer's Guide to Home Insurance
- NAIC, Homeowners Shopping Tool
- NAIC, Actual Cash Value vs. Replacement Cost
- Insurance Information Institute, mold and homeowners insurance
- Insurance Information Institute, What is a public adjuster?
- Texas Department of Insurance, When are water damage and mold covered by insurance?
- FEMA, Is damage from mold covered?
- FloodSmart.gov, Document flood damage
- FEMA/NFIP Claims Handbook
- FEMA, How to document damages after severe weather events
- United Policyholders, Insurance Claim Tips for Mold Damage
- United Policyholders, Mold Contamination Insurance Coverage 101
- NC Department of Insurance, Public Adjusters consumer guide
- Illinois Department of Insurance, Public Adjusters
- Washington Office of the Insurance Commissioner, Appeals and complaints
- NAIC, How to file a complaint against insurance carriers
- EPA, A Brief Guide to Mold, Moisture and Your Home
- EPA, Mold Remediation in Schools and Commercial Buildings
- CDC, Homeowner's and Renter's Guide to Mold Cleanup After Disasters
- OSHA, A Brief Guide to Mold in the Workplace
- IICRC, ANSI/IICRC S520 Standard for Professional Mold Remediation
- Massachusetts Property Insurance Underwriting Association, Notice of Limited Mold Coverage

> Educational resource only. Coverage depends on policy language, state law, and the facts of loss.