

Travelers Tricked Customers On Rot Coverage, Couple Says

By **Matthew Santoni**

Law360 (February 4, 2019, 3:30 PM EST) -- Travelers routinely sold customers additional homeowners insurance coverage for rot and fungus damage without disclosing that the root causes of rot claims would never be covered, a Pennsylvania couple has claimed in a proposed class action in Philadelphia state court.

In a complaint filed Friday in the Philadelphia Court of Common Pleas, Sean and Jaime Rose of Blue Bell, Pennsylvania, said they had purchased a homeowners insurance policy from Travelers Home and Marine Insurance Co. with an increased premium for additional coverage for the remediation of fungus, microbes and rot damage. Yet after a broken pipe damaged their kitchen and master bathroom in August, the insurer claimed the water had been leaking for weeks, months or years and therefore wasn't covered, they said.

When Janene Harlieb, a representative of Travelers, visited the house to take a statement from the Roses, she said she couldn't foresee a situation where the insurer would actually pay for the type of damage it allegedly included in the additional coverage, the couple said.

"Ms. Harlieb indicated that she was not aware of why there was rot coverage as there was no situation for which Travelers would pay for rot," the Roses said in the complaint. "Defendant, despite demand for benefits under the policy, has refused without legal justification or cause, and continues to refuse to pay to plaintiff monies owed for the damages. ... As a direct and factual result of defendant's breach of contract, plaintiff has been denied the benefits of its bargain with Travelers."

On behalf of a proposed class of as many as 10,000 Pennsylvania residents who purchased additional rot coverage for their homeowners insurance and were improperly denied, the lawsuit makes claims of breach of contract, bad faith conduct and violation of Pennsylvania's consumer protection law.

The Roses' insurance included "limited 'fungi,' other microbes or rot remediation coverage," which would pay for the removal of rot and replacement of property damaged by it or removed to get at it, as long as the rot was a result of a covered cause of loss that was promptly reported, the suit says.

The complaint blames an "escape of water from within the home's plumbing system" for the damage the family claimed in August, which it says is covered by the underlying insurance policy. But a letter from Travelers in October said the damage was apparently caused by a more persistent, long-term leak, which wasn't covered.

"Rot is indicative of an ongoing presence of moisture for weeks, months and years. Since water damages that occur for a period of weeks, months or years are excluded, your policy does not provide coverage," said the letter, which was attached to the complaint as an exhibit.

The complaint accuses Travelers of selling the Roses and others extra coverage that they would never pay for, if "rot" were defined as only the result of long-term, noncovered damage.

"The practice of Travelers in interpreting the portion of the policy, advertised as 'additional coverages,' despite the intention to never provide this additional coverage which is otherwise provided in this policy and was provided in previous policies, has been perpetrated by Travelers

maliciously and in conscious disregard for the rights of its policyholders solely for the financial advantage of Travelers,” the complaint says.

The insurer breached its contract by refusing to pay for the rot damage, acted in bad faith by allegedly selling the coverage with no apparent intent to honor it, and violated Pennsylvania’s Unfair Trade Practices and Consumer Protection Law by misrepresenting the nature of the insurance coverage to induce customers to buy it, the suit claims.

An attorney for the Rose family and spokespeople for Travelers did not immediately respond to requests for comment.

Sean and Jaime Rose are represented by Anthony DiUlio of Wheeler DiUlio & Barnabei PC.

Counsel information for Travelers was not immediately available.

The case is Rose v. Travelers Home and Marine Insurance Co., case number 190103305, in the Philadelphia Court of Common Pleas.

--Editing by Aaron Pelc.