



Farmers Insurance Group Sued for \$100+ Million; Negligence Charged Against Company & Agent

AUSTIN, Texas, July 20 /PRNewswire/ -- Melinda Ballard and her husband, Ronald Allison, have filed a lawsuit on behalf of them and their three-year-old child against Fire Insurance Exchange, a member of the Farmers Insurance Group ("Farmers") and Frank Hruska d/b/a Hruska Insurance Agency ("Hruska"), Defendants, "as a result of the criminal, wrongful and negligent acts and omissions of Farmers and its agents, representatives and employees," the suit charges.

The suit was filed late last week in Travis County District Court, in the 345th Judicial District in Austin, Texas. Ms. Ballard also previously filed a separate criminal complaint (see PRNewswire on May 28, 1999).

Since 1992, Ballard has had her home insured by Farmers. In 1998, a plumbing leak occurred in a bathroom and Ballard had it repaired. Several months later, the hardwood floor of her house started buckling and Ballard filed a claim with Farmers. In December, 1998, a flooring contractor warned Farmers that dangerous molds could grow in the plywood subflooring and that Farmers needed to have the subfloor pulled out immediately to avoid the problem. Farmers ignored the warning.

In the first quarter of 1999, Ballard, Allison and their three-year-old son, Reese, began experiencing a number of unexplained illnesses, including coughing-up blood. The condition of the floor continued to worsen and the water-logged subfloor caused damage to walls, windows and doors. During this time, Farmers offered to settle the claim for an amount that was insufficient to cover the ever increasing damage to the home.

Ballard retained an air quality company associated with Texas Tech University's Health Sciences Department to determine the cause of the family's health problems. It was determined that the house was contaminated with *Stachybotrys atra* ("Stachybotrys"), a greenish-black slimy mold that thrives on water and construction materials. *Stachybotrys* is also a deadly neurotoxin. Used by the Soviets as a biological weapon against Afghanistan, *Stachybotrys* has been linked by medical researchers to a host of illnesses including bleeding lungs, chronic fatigue syndrome, asthma, chronic respiratory ailments and even death. It also produces toxins that cause severe memory loss, disorientation and behavioral changes.

Informed in early April that Ms. Ballard's home had a *Stachybotrys* infestation, Farmers did not act immediately, as recommended by the scientific experts. The *Stachybotrys* has now rendered Ms. Ballard's home unsafe for habitation. And now, the mold has spread and contaminated structures nearby the house. Ms. Ballard commented, "I am very concerned about my neighbors. *Stachybotrys* is deadly and if it keeps on spreading, my neighbors could be in danger, too."

The suit alleges that Farmers did not act expeditiously in settling the claim, even though the damage to Ms. Ballard's home is covered by her insurance policy with Farmers. To date, Farmers has done nothing to mitigate the damage, even though they were told *Stachybotrys* grows exponentially.

Ms. Ballard and her family have been forced to vacate their home, leave behind all of their belongings, live in a rented house and are slowly replacing household furnishings contaminated by *Stachybotrys*. The suit charges that "Farmers has acted with intentional and conscious disregard for the rights and welfare" of Ms. Ballard and her family, and "in violation of the criminal statutes of Texas." It charges that Farmers "knowingly and intentionally endangered the health and welfare" of Ms. Ballard and her family.

Ms. Ballard and her family are represented by Hagans & Bobb of Houston, Texas. (Phone: 713-222-2700) Fred Hagans stated, "Farmers consistently advertises that they 'Get you back where you belong.' This is nothing more

than a hollow promise."

Headquartered in Los Angeles, Farmers Insurance is a subsidiary of Zurich Financial Services, which also owns Kemper, Scudder and BAT Industries.

SOURCE The Lund Group on behalf of Melinda Ballard



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