

## Hungry termites lead to lawsuit against insurer

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STAFF WRITER

**TAMPA** — The owners of Park Place apartments in Tampa filed a lawsuit against Hanover Insurance Co., seeking more than \$3 million for losses and other issues related to alleged termite damage at the complex.

The lawsuit contends the insurance company denied responsibility under a contract covering the 120-unit complex, forcing the property owners to file court action.

Pete Cardillo, a Tampa attorney who specializes in termite cases, is representing Mt. Nobscot Realty Corp. and NPV Realty Corp., owners of the complex.

The suit was filed June 30 in Hillsborough County Circuit Court, but Cardillo said termite damage at the complex was discovered in 2000.

Todd Peckham, spokesman for Allmerica Financial, Hanover's parent company in Worcester, Mass., said a preliminary search of company records indicates the complex was covered by an insurance policy effective through 2000.

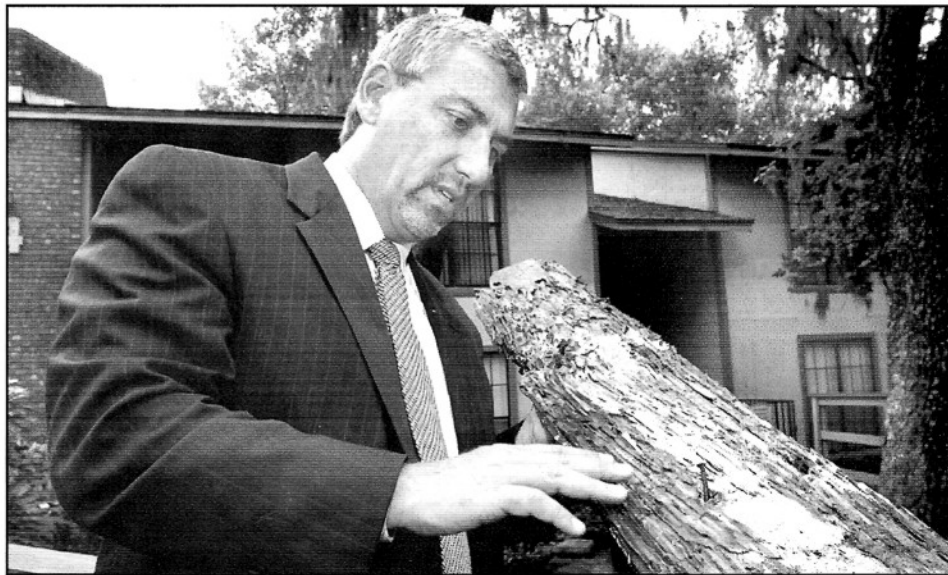
He said the company could find no record that a claim had been filed related to collapse or insect damage at the property. Peckham also said that as of Tuesday, the company had not been served notice of the lawsuit.

A key point in the lawsuit is the contention that damage to the Park Place complex constitutes a "collapse" covered by its insurance policy.

The argument among commercial property owners and developers and insurance carriers revolves around whether or not insurance covers loss or damages from building collapse when it is related to hidden decay or hidden insect damage, he said.

"The way insurance law has evolved, if something is excluded one place in a policy and included in another place, then the exclusion doesn't apply," Cardillo said.

Allstate Insurance Co. recently settled a Tampa federal court lawsuit for \$2.5 million involving similar issues at a condominium complex in Wildwood. The complex owners contended the



KATHLEEN CABBLE

**Attorney Pete Cardillo inspects termite-ridden wood taken from the Park Place apartment complex in Tampa. He is handling a lawsuit for the complex owners over termite damage.**

collapse coverage of its policy covered extensive termite damage discovered in several buildings.

The carrier, however, argued that the damage was not covered because it did not result in collapse and was not hidden.

In that case, a judge determined that a structure did not have to be in imminent danger of collapse to qualify for coverage.

Tampa structural consultants Kerns-Whitehouse & Associates Inc. investigated the condition of Park Place apartment buildings.

The complex on West Lambright Avenue has 10, two-story buildings built of wood frame construction with a stucco finish.

The consultants investigated the buildings' conditions by creating portholes or observation holes at selected locations to look at structural members for subterranean termite damage.

According to the firm's June report, damaged structural framing members were found in all 10 apartment buildings and in the office/clubhouse building.

The consultants estimated the cost of repairs

would be \$2.3 million. It would take 13 months to complete repairs throughout the entire complex, the report states.

The estimate did not include allowances for loss of income, relocating tenants or moving and storing household contents when tenants vacate apartments during repairs, according to the report.

Because subterranean termites travel from the soil up into wooden parts of buildings, the damage is hidden until it reaches a certain point, Cardillo said. It can take years before an infestation or damage is revealed, he said.

"A confluence of factors make Central Florida the termite capital of the U.S.," Cardillo said. "It is also an area of tremendous development, including multifamily construction. Unfortunately, a lot of complexes were built with wood construction, creating potential problems for building owners."

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