Chinese Drywall Supplier Pays Up $8 Million In Damages

Michael Kunzelman, Associated Press

NEW ORLEANS (AP) — A Chinese drywall supplier's insurers have agreed to pay up to $8 million to settle court claims against the company over damage to homes from the corrosive product, according to a proposed settlement filed Tuesday.

U.S. District Judge Eldon Fallon in New Orleans must approve the deal between plaintiffs' attorneys, Interior/Exterior Building Supply and two of its three insurers. The settlement would cover just a share of thousands of claims from homeowners claiming the drywall caused problems ranging from foul odors to corrosion of electrical wiring, appliances and electronics.

Interior/Exterior supplied drywall made by two Chinese companies — Knauf Plasterboard Tianjin Co. and Taishan Gypsum Co. — to builders in Texas, Louisiana, Mississippi and Alabama.

At least 1,200 to 1,500 property owners are eligible for portions of the $8 million settlement fund. Payments from previous settlements of claims against Interior/Exterior will be deducted from the fund.

The company, along with Knauf, already was participating in a pilot program to repair 300 homes in four states.

The $8 million payment represents the limits of Interior/Exterior's insurance policies with Arch Insurance Company and Liberty Mutual Fire Insurance Company.

Plaintiffs' attorneys said they will continue to pursue up to $72 million in claims against Interior/Exterior's other insurer, The North River Insurance Company, which isn't part of the proposed settlement.

"They showed no interest," said Arnold Levin, one of the lead plaintiffs' attorneys.

Levin said the settlement isn't designed to cover all of the plaintiffs' repair costs but represents a "step in the right direction."

"Knauf is the one that has to pay," he said. "It's their product. They manufactured it."

Fallon is presiding over more than 10,000 claims by residents blaming damage to their homes on Chinese drywall.

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