



# Chinese Drywall

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- The facts:
  - Over 500,000,000 pounds of Chinese drywall imported between 2004 and 2007
  - Installed in over 100,000 homes in the USA
  - The Consumer Product Safety Commission has recorded over 600 reports of defective drywall in 21 states
- The problem:
  - Most common is the smell of rotten eggs
  - Property damage claims:
    - Failure of air conditioning equipment
    - Corrosion of pipes, coils and wiring
    - Damage to furniture, fixtures and jewelry
  - Bodily injury claims:
    - Respiratory problems and sinus infections
    - Headaches, persistent cough and bloody noses
    - Asthma attacks and fatigue
- What's being claimed?
  - Cost to repair the house
  - Cost of health effects
  - Legal fees for the plaintiffs' lawyers
  - Defense costs
  - Indirect costs
    - Loss of use
    - Diminished value
- So how much?
  - Cost to repair the house (\$8 to \$10 Billion)
  - Cost of health effects (Anybody's guess)
  - Legal fees (\$5 to \$10 Billion)
  - Indirect costs
    - Loss of use (\$2 to \$5 Billion)
    - Diminished value (Not much)
  - TOTAL COSTS (\$15 to \$25 Billion)