#  October 1, 2014

RE: Claim number:

 Loss location:

 Policy number:

 Date of loss:

Dear Insured:

Based upon the Association’s prior correspondence regarding your claim for coverage under your policy of insurance, this matter has been investigated by the Massachusetts Property Insurance Underwriting Association (hereafter “MPIUA”) under a full reservation of rights/non-waiver agreement.

The focus of this agreement was to determine the facts and circumstances surrounding your loss in relation to the coverages and other provisions that are enumerated within your insurance contract.

The purpose of this letter is to advise you that MPIUA’s investigation has been completed and to further advise you that after an evaluation of the information gathered during the investigation in relation to the applicable provisions of your policy, MPIUA must respectfully decline to honor your claim. In support of MPIUA’s above stated denial of coverage, please be aware of the following.

We have recently inspected the property with you. We have also had the property inspected by a representative of \_\_\_\_\_\_\_\_with the purpose of attempting to determine the cause of the mold in the \_\_\_\_\_\_\_\_ area of the dwelling.

It is our opinion that the mold in the \_\_\_\_\_\_\_\_ is the result of a lack of ventilation and also the hot water running from the leaking mixing valve at the tub. We found no evidence of leaking from the plumbing of the 2nd floor bath.

We would refer you to page 8 of 22 of the HO-3 policy form entitled Section 1-Perils Insured Against, from which we quote in part:

“**SECTION I-PERILS INSURED AGAINST**

**A. Coverage A- Dwelling And Coverage B-Other Structures**

**2.** We do not insure, however, for loss:

c. Caused by:

1. Mold, fungus, wet rot. However, we do insure for loss caused by mold fungus or wet rot that is hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure if such loss results from the accidental discharge or overflow of water or steam from within:
	1. A plumbing, heating, air conditioning, or automatic fire protective sprinkler system, or a household appliance on the “residence premises”; or
	2. A storm drain, or water, steam or sewer pipes, off the “residence premises”.

For the purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment; or

1. Any of the following:
	1. Wear and tear, marring, deterioration;
	2. Mechanical breakdown, latent defect, inherent vice, or any quality in the property that causes it to damage or destroy itself, latent defect, mechanical breakdown;
	3. Smog, rust or other corrosion, mold, or dry rot;…

And,

### SECTION I- EXCLUSIONS

1. We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.
	1. **Water Damage**

Water damage means:

* + 1. Flood, surface water, tidal water, overflow of a body of water, overflow from a body of water, or spray from any of these, whether or not driven by wind;
		2. Water or water-borne material which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment; or
		3. Water or water-borne material below the surface of the ground, including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure;

caused by or resulting from human or animal forces or any act of nature.

Direct loss by fire, explosion or theft resulting from water damage is covered.

* 1. **Neglect**

Neglect means any neglect of an “insured” to use all reasonable means to save and preserve property at and after the time of a loss.”

We regret that we cannot be of service to you relative to this matter.

This advice and any other action undertaken or to be undertaken by us in the course of investigation and/or handling of this claim is not, and should not be construed as a waiver of any of the rights of the insurer with respect to any and all terms, conditions, provisions, exclusions and limitations contained in the policy of insurance.

The Massachusetts Property Insurance Underwriting Association fully reserves unto itself all defenses which heretofore accrue, or which may in the future accrue by reason of the operation of the policy, or reason of non-compliance on behalf of yourself with respect to any and all of the foregoing.

Please be advised that the statute of limitations is two (2) years from the date of loss for property claims. (Section 1 policy claims)

Sincerely,

Claims Adjuster