# October 1, 2014

Claim Number:

Dear Insured:

Reference is made to your claim with the Association. Please be advised that the Association is now in a position to adjust this portion of your claim. Please further be advised to the extent that any of the previously asserted reservation of rights was issued by the Association in regard to this portion of your claim, it is hereby withdrawn.

I have enclosed a Sworn Statement in Proof of Loss and a Statement as to Full Cost of Repair or Replacement proof of loss for the settlement of the damages for this claim. This figure is for the damages at the Actual Cash Value loss on the building less the deductible of the covered item. Recoverable depreciation has been withheld from this figure (for the amount and applicability, see your Proof of Loss and loss details).

Policy provisions grant the insured the right to make a claim, if applicable, for that recoverable depreciation which has been withheld. The policy provision states that this recoverable depreciation claim must be made within two (2) years from the original date of loss. In order to make such a claim and be paid any part of the recoverable depreciation amount, you will be required to show by inspection that the repairs/replacement have been completed in accordance with the adjustment breakdown and that you present your original receipts and/or cancelled checks for said completed repairs/replacement to be examined and verified by your insurer. Photocopies will not be accepted. Cash receipts are not acceptable unless run through a cash register.

It is important to note in order to collect any part of the recoverable depreciation amount that your documented repairs/replacement cost must exceed the actual cash value amount you have been paid for said repairs/replacement at the time of the settlement of your claim.

The applicable policy provisions require that:

We will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, we will settle the loss according to the provisions of b.(1) and b.(2) below. (Not applicable to HO-4 or HO-6 forms)

1. Building under Coverage A or B at replacement cost without deduction for depreciation, subject to the following:
2. If, at the time of the loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately prior to the loss, we will pay the cost to repair or replace, after application of deductible and without deduction for depreciation. We will pay replacement cost if the damaged building is repaired or replaced by you on the “residence premises” or some other location with in the Commonwealth of Massachusetts within a reasonable time but not more than two years from the date of loss. We will pay the least of the following amounts:
3. The limit of liability under this policy that applies to the building;
4. The replacement cost of that part of the building damaged for like construction and use on the same premises; or
5. The necessary amount actually spent to repair or replace the damaged building.

If in fact you feel that you have fulfilled the above-stated requirements and are eligible for a recoverable depreciation payment, please contact this adjuster.

In accordance with the policy conditions, no suit or action on this policy for recovery of any claim shall be sustainable in any court of law unless all requirements of the policy have been complied with and such suit or action is commenced within two years from the date of loss.

**Please also check line #3 on the Sworn Statement in Proof of Loss, Title and Interest, and see if the company/companies listed are the current mortgage holder(s) for this location. If there has been a change in your mortgage company/companies, please forward the release or paperwork regarding these changes with the proof of loss so that the check can be processed with the correct names. Any loss having building damage will have any mortgage interest on the check.**

In paragraph #10 on the Sworn Statement in Proof of Loss, you transfer your rights, if applicable, to recover against the party who caused the loss. If deemed appropriate, MPIUA will pursue this claim to attempt to recover the payment we will be processing, along with the deductible. If we are successful in our subrogation, MPIUA will make payment of all or part of your deductible.

**All of the named insureds must sign this form on the correct line on the bottom right corner. The signatures should be witnessed by a disinterested party and dated. It is not necessary to have the signatures notarized.**

The inspection of the roof found no evidence of storm damage to your roof.

We would refer you to page 8 of 22 of the HO-3 policy form that provides coverage for your property, 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**

**1.** We insure against risk of direct physical loss to property described in Coverages **A** and **B**.

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

**a.** Excluded under Section **I –** Exclusions;

**b.** Involving collapse, except as provided in **E.8**. Collapse under Section **I** – Property Coverages; or

**c.** Caused by:

**(6)** Any of the following:

**(a)** Wear and tear, marring, deterioration;

**(b)** Mechanical breakdown, latent defect, inherent vice, or any quality in property that causes it to damage or destroy itself;

1. Smog, rust or other corrosion, or dry rot;”

We would further refer you to page 11 of 22 entitled Section 1 – Exclusions, from which we also quote in part:

**“SECTION I – EXCLUSIONS**

**B.** We do not insure for loss to property described in Coverages **A** and **B** caused by any of the following. However, any ensuing loss to property described in Coverages **A** and **B** not precluded by any other provision in this policy is covered.

**1.** Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in **A**.above to produce the loss.

**2.** Acts or decisions, including the failure to act or decide, of any person, group, organization of governmental body.

**3.** Faulty, inadequate or defective:

**a.** Planning, zoning, development, surveying, siting;

**b.** Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

**c.** Materials used in repair, construction, renovation or remodeling; or

**d.** Maintenance;

of part or all of any property, whether on or off the "residence premises."”

Additionally, as there is no storm damage to the exterior of the dwelling, coverage is excluded for items of personal property. We would further refer you to page 10 of 22 of the HO-3 policy form entitled **B. Coverage C – Personal Property**, from which we also quote in part:

“B. Coverage C – Personal Property

We insure for direct physical loss to the property described in Coverage C caused by any of the following perils unless the loss is excluded in Section I – Exclusions.

1. Fire or Lightning

2. Windstorm or Hail

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

This peril does not include loss to the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.”

We, therefore, cannot make any payments for any repairs to the roof or the personal property.

We would refer you to page 13 of 22 of the HO 00 03 10 00 policy form entitled **Section I – Conditions,** from which we quote in part:

“**B. Duties After Loss**

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an “insured” seeking coverage, or a representative of either.

**4.** Protect the property from further damage. If repairs to the property are required; you must:

**a.** Make reasonable and necessary repairs to protect the property; and

**b.** Keep an accurate record or repair expenses;”

The completed form should be returned to me promptly in order for the Massachusetts Property Insurance Underwriting Association (MPIUA) to conclude the claim.

Please be advised that in making this offer, your insurance carrier neither waives nor initiates any policy defenses, and they reserve all the rights and promises of the policy of insurance without regard to liability.

If you have any questions, please call me at \_\_\_\_\_\_\_\_\_\_\_.

Very truly yours,

Claims Adjuster

Enclosure