October 1, 2014

# Re: Claim No.:

Policy No.:

Date of Loss:

Location of Loss:

Dear Insured:

Please allow this letter to acknowledge that Massachusetts Property Insurance Underwriting Association (“MPIUA”) is in receipt of a claim for damages possibly relating to mold at or on the above captioned property. Please be informed that any coverage that may be provided for claims of this nature is subject to strict limitations and can only be provided under certain circumstances. It is therefore necessary that MPIUA gather all available facts and information before any such determination of coverage can be made.

MPIUA is undertaking an investigation of your claim to determine whether there has been a covered loss to property and/or an “occurrence” for which you were insured during the effective period of the policy with the MPIUA and whether there are any other facts or circumstances which might have an impact upon our duty to accept coverage for this claim. By this letter, please be advised that coverage for your loss has yet to be determined and that the MPIUA has undertaken and will conduct this investigation under and pursuant to a full and complete reservation of all rights, privileges and defenses available to it under the policy of insurance and applicable law.

If we determine that some or all of your claimed loss is covered by your insurance policy, we may agree to indemnify you for some or all of the costs associated with the clean up or repair of effected property. Any such payment of costs in connection with the clean up or repair should not be construed as an exercise of control over these or any other responsive operation. You, as the property owner, have the responsibility to arrange for any required testing, clean up and/or repair and the MPIUA will not take responsibility for arranging or advising your efforts in this regard. Any agreement by the MPIUA to indemnify you for certain incurred expenses should not be construed as an exercise of control by the MPIUA over the property, nor any clean up undertaken, nor of any intent to pay for any clean up beyond the amounts paid.

The investigation conducted hereafter should not be deemed or construed by you as a waiver of, or estoppel to assert, any of the rights of MPIUA or of any of the conditions or duties under the policy. No action taken or statements or payments made by the MPIUA or any of its agents or employees shall constitute any waiver or any expansion of the coverage provided by the policy or of the duty owed by the MPIUA under the policy issued to you. MPIUA hereby expressly reserves any and all rights, privileges and defenses that MPIUA may have or may in the future accrue pursuant to the policy of insurance and Massachusetts’ law.

We call your attention, without limitation, to the following specific bases for our herein described reservation of rights under the policy (copy of HO 00 03 10 00 enclosed):

“**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;…

*See* HO 00 03 10 00, pages 8 and 9 of 22

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.”

*See* HO 00 03 10 00, page 12 of 22

In addition, please be aware, without limitation, of the following:

# Should our investigation determine that there was no covered loss to property described in Coverage A (Dwelling) and B (Other Structures) no coverage is provided.

1. Should our investigation determine that the direct loss to the property described in Coverage C (Personal Property) was not caused by a specific peril named in the policy, no coverage provided. *See* HO 00 03 10 00, pages 10 and 11of 22.
2. Should our investigation determine that the direct loss to the property described in Coverage A and B was caused by an excluded peril, no coverage is provided.
3. Should our investigation determine that the direct loss to the property described in Coverage A & B was caused by wear and tear, marring or deterioration, no coverage is provided.
4. No coverage is provided for land, including land on which the dwelling is located.

# For purposes of your personal liability, should our investigation determine that the allegations do not constitute an occurrence or that there was no bodily injury or property damage under SECTION II – LIABILITY COVERAGES, as defined in the insurance policy, no coverage is provided.

7. Should our investigation determine that a claim is made or a suit is brought against you for damages arising from bodily injury or property damage expected or intended by you, based upon, among other things, prior notice to or knowledge by you of the potential damage or danger alleged to be the cause of any injury, no coverage under SECTION II – LIABILITY COVERAGES is provided.

1. No coverage under SECTION II – LIABILITY COVERAGES is provided for property owned by you.
2. No Coverage under SECTION II – LIABILITY COVERAGES is provided for bodily injury to you or any residents of your household who are your relatives or are under the age of 21 and in your care.

1. Any property damages or bodily injury which occurred prior to or subsequent to dates during which the MPIUA provided insurance coverage are not covered by the policy issued by the MPIUA.

We have also enclosed a copy of an endorsement – HO 04 27 04 02 which has been made a part of your policy. This endorsement provides additional coverages and limitations that may affect the coverages available to you under the policy of insurance. We would advise you to review this endorsement as well as the HO 00 03 10 00 policy form.

This listing of specific potential grounds for disclaiming or denying coverage is not intended to limit the MPIUA’s right to assert any other additional grounds for disclaiming coverage, even if not set forth above.

In closing, in order for the MPIUA to investigate your claim and provide you with a timely decision as to any coverage available, we will require your cooperation as described in the policy conditions. To this end, MPIUA urges you to read your policy and the duties and conditions described therein. Specifically, and without limitation, you are referred to the Section I- and Section II- Conditions. (*See* HO 00 03 10 00, pages 13 through 16 of 22, and pages 20 and 21 of 22, respectively.)

Respectfully,

Claims Adjuster