October 1, 2014

RE: Insured:

Claim No.:

Location of Risk:

Policy No.:

Date of Loss: Loss Assessment

Dear Insured:

We have had an opportunity to review the documentation forwarded to us with the letter. The documents indicate to us that the assessment is being made to cover the expenses involved in correcting problems \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. The problems to be corrected are the result of \_\_\_\_\_\_\_\_\_\_.

A review of the HO-6 and HO-1732 policy forms has found reference to loss assessments. We would refer you to page 6 of 19 of the HO-6 policy form entitled Additional Coverages.

1. **Loss Assessment**.
2. We will pay up $1000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the “residence premises”, by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage **A**, other than:

**(1)** Earthquake; or

**(2)** Land shock waves or tremors before, during or after a volcanic eruption.

The limit of $1000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will apply only one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

1. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.
2. Paragraph **P**, Policy Period under Section **1** – Conditions does not apply to this coverage.

This coverage is additional insurance.

The HO-1732 endorsement changes the coverage relative to the causes of loss; however, it also makes specific reference to causes of loss that may be excluded. We would refer you to page 1 of 2 of the HO-1732 policy form.

# Perils Insured Against

**1.** We insured against risk of direct loss to property described in Coverage **A**., only if that loss is a physical loss to property.

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

1. Excluded under Section **1** – Exclusions;
2. Involving collapse, except as provided in **D.8.** Collapse under Section 1 – Property Coverages**.**
3. Caused by:

(1) Freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, or by the system or appliance caused by freezing. This provision does not apply if you have used reasonable care to:

* 1. Maintain heat in the building; or
  2. Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

For 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;

1. Freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a:
   1. Fence, pavement, patio or swimming pool;
   2. Footing, foundation, bulkhead, wall, or any other structure or device, that supports all or part of a building or other structure;
   3. Retaining wall or bulkhead that does not support all or part of a building or other structure; or
   4. Pier, wharf or dock;
2. Theft in or to a unit under construction, or of materials and supplies for use in the construction until the unit is finished and occupied;
3. Vandalism and malicious mischief, and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the building containing the “resident premises” has been vacant for more than 60 consecutive days immediately before the loss. A building being constructed is not considered vacant;
4. Mold, fungus or wet rot. However, we do not 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”.
5. Any of the following:
   1. Wear and tear, marring, deterioration;
   2. Mechanical breakdown, latent defect, inherent vice, or any quality in property that causes it to damage or destroy itself;
   3. Smog, rust or other corrosion or dry rot;
   4. Smoke from agricultural smudging or industrial operations;
   5. Discharge, dispersal, seepage, migration, release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by a Peril Insured Against named under Coverage C of this policy.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed;

* 1. Settling, shrinking, bulging or expansion, including resultant cracking, of bulkheads, pavements, patios, footings, foundations, walls, floors, roofs or ceilings;
  2. Birds, vermin, rodents, or insects; or
  3. Animals owned or kept by an “insured”.

**Exception to c.(6)**

Unless the loss is otherwise excluded, we cover loss to property covered under Coverage A resulting from an accidental discharge or overflow of water or steam from within a:

* 1. Storm drain, or water, steam or sewer pipe, off the “residence premises”, or

(ii) Plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the “residence premises”. This includes the cost to tear out and replace any part of a building, or other structure owned solely by you, at the location of the “residence premises”, but only when necessary to repair the system or appliance. However such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building owned solely by you at the location of the “residence premises”.

We do not cover loss to the system or appliance from which this water or steam escaped.

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

Section **1** – Exclusion **3.** Water Damage, Paragraphs **a**. and **c.** that apply to surface water and water below the surface of the ground, do not apply to loss by water covered under **c. (5)** and **(6)** above.

Under **2.b.** and **c.** above, any ensuing loss to property described in Coverage **A** not precluded by any other provision in this policy is covered.

**SECTION 1 – EXCLUSIONS**

The following exclusions are added:

We do not insure for loss to property described in Coverage **A** caused by any of the following. However, any ensuing loss to property described in Coverage **A** 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 Section **1** – Exclusions, other than Exclusions **2.**  and **3.** below, to produce the loss;
2. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body; or
3. Faulty, inadequate or defective:
   1. Planning, zoning, development, surveying, siting;
   2. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
   3. Materials used in repair, construction, renovation or remodeling; or
   4. Maintenance;

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

All other provisions of this policy apply.”

This advice and any other action undertaken, or to be undertaken by us in the course of this 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 operation of same, or reason of noncompliance 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).

Respectfully,

Claims Adjuster