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 DP 00 03 12 02 enclosed):

**“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 General Exclusions;

b. Involving collapse, except as provided in Other Coverage 10. Collapse; or

c. Caused by:

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

(a) Maintain heat in the building; or

(b) 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.

(2) Freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a:

(a) Fence, pavement, patio or swimming pool;

(b) Footing, foundation, bulkhead, wall, or any other structure or device, that supports all or part of a building or other structure;

(c) Retaining wall or bulkhead that does not support all or part of a building or other structure; or

(d) Pier, wharf or dock;

(7) Constant or repeated seepage or leakage of water or steam over a period of weeks, months or years from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance.

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;

(8) Any of the following:

(a) Wear and tear, marring, deterioration;

(c) Smog, rust or other corrosion, mold, wet or dry rot;

Exception To c.(8)

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

(i) Storm drain, or water, steam or sewer pipe, off the Described Location; or

(ii) Plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the Described Location. This includes the cost to tear out and replace any part of a building, or other structure, on the Described Location, 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 on the Described Location.

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

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

General Exclusion **A.3.** Water Damage, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of ground do not apply to loss by water covered under **c.(8)** above.

Under **2.b.** and **c.** above, any ensuing loss to property described in Coverages **A** and **B** not excluded or excepted in this policy is covered.

B. Coverage C – Personal Property

We insure for direct physical loss to the property described in Coverage **C** caused by a peril listed below unless the loss is excluded in the General Exclusions.

1. Fire Or Lightning

2. Windstorm Or Hail

This peril does not include loss to:

a. 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;

b. Canoes and rowboats; or

c. Trees, shrubs or plants.

3. Explosion

4. Riot Or Civil Commotion

5. Aircraft

This peril includes self-propelled missiles and spacecraft.

6. Vehicles

7. Smoke

This peril means sudden and accidental damage from smoke, including the emission or puffback of smoke, soot, fumes or vapors from a boiler, furnace or related equipment.

This peril does not include loss caused by smoke from agricultural smudging or industrial operations.

8. Vandalism Or Malicious Mischief

This peril does not include loss by pilferage, theft, burglary or larceny.

9. Damage By Burglars

a. This peril means damage to covered property caused by burglars.

b. This peril does not include:

(1) Theft of property; or

(2) Damage caused by burglars to property on the Described Location if the dwelling has been vacant for more than 60 consecutive days immediately before the damage occurs. A dwelling being constructed is not considered vacant.

10. Falling Objects

This peril does not include loss to property contained in the building unless the roof or an outside wall of the building is first damaged by a falling object. Damage to the falling object itself is not covered.

11. Weight Of Ice, Snow Or Sleet

This peril means weight of ice, snow or sleet which causes damage to property contained in the building.

12. Accidental Discharge Or Overflow Of Water Or Steam

a. This peril means accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance.

b. This peril does not include loss:

(1) To the system or appliance from which the water or steam escaped;

(2) Caused by or resulting from freezing except as provided in Peril Insured Against 14. Freezing; or

(3) On the Described Location caused by accidental discharge or overflow which occurs off the Described Location.

c. In this peril, 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.

d. General Exclusion A.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 this peril.

13. Sudden And Accidental Tearing Apart, Cracking, Burning Or Bulging

This peril means sudden and accidental tearing apart, cracking, burning or bulging of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

We do not cover loss caused by or resulting from freezing except as provided in the peril of freezing below.

14. Freezing

a. This peril means freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance but only 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.

b. In this peril, 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.

15. Sudden And Accidental Damage From Artificially Generated Electrical Current

This peril does not include loss to tubes, transistors, electronic components or circuitry that are a part of appliances, fixtures, computers, home entertainment units or other types of electronic apparatus.

**16. Volcanic Eruption**

This peril does not include loss caused by earthquake, land shock waves or tremors.”

*See* DP 00 03 12 02 , pages 5 through 8 of 13

And,

“GENERAL EXCLUSIONS

A. 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.

3. Water Damage

Water Damage means:

a. Flood, surface water, waves, tidal water, overflow of a body of water or spray from any of these, whether or not driven by wind;

b. 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

c. 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 or explosion resulting from water damage is covered.

5. Neglect

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

*See* DP 00 03 12 02, page 8 of 13

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* DP 00 03 12 02, pages 6 through 8 of 13.
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.

We have also enclosed a copy of an endorsement – HO 04 22 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 DP 00 03 12 02 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 Conditions. (*See* DP 00 03 12 02, pages 9 through 13 of 13.)

Respectfully,

Claims Adjuster