

AUTO-OWNERS INSURANCE COMPANY  
AUTO-OWNERS LIFE INSURANCE COMPANY  
HOME-OWNERS INSURANCE COMPANY  
OWNERS INSURANCE COMPANY  
PROPERTY-OWNERS INSURANCE COMPANY  
SOUTHERN-OWNERS INSURANCE COMPANY



June 8, 2010

BRANCH CLAIM OFFICE  
5410 Virginia Way • P.O. Box 517  
Brentwood, Tennessee 37024-0517  
615-373-5200 FAX 615-661-4654  
WWW.AUTO-OWNERS.COM

Devon Hills Community Association  
2200 Hillsboro Rd. Suite 200  
Nashville, TN 37212

RECEIVED  
JUN 10 2010  
BY

RE: Our Policy No. : 03742201  
Our Claim No. : 33-1714-10  
Location : Old Hickory and Devon Valley Drive  
Subject : Coverage Position

Dear Devon Hills Community Association,

This will acknowledge the claim turned into Auto-Owners Insurance Company. Auto-Owners Insurance Company insures you under a commercial policy. *This letter supersedes any previous correspondence sent to you in regards to the above referenced claim.*

The information provided indicated you had a water damages to your property. Our investigation found that water damages are being caused by flood, surface or ground water.

However there is no coverage for damages caused by flood, surface or ground water. The previous letter incorrectly referenced the incorrect policy form. I would like to direct your attention to your policy form number 54082 (2-05):

**A. COVERED CAUSES OF LOSS**

When Special is shown in the Declarations, Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

1. Excluded in Section B., Exclusions; or
2. Limited in Section C., Limitations;

that follow

Though the above section may appear to provide coverage, the exclusions below clearly exclude coverage for surface or ground water.

## **B. EXCLUSIONS**

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

### **g. Water**

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up from a sewer or drain; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floors or paved surfaces;
  - (b) Basements, whether paved or not; or
  - (c) Doors, windows or other openings.

But if loss or damage by fire, explosion or sprinkler leakage results, we will pay for that resulting loss or damage.

Since the damages were caused by flood, surface and ground water that entered your property, there would be no coverage for this loss.

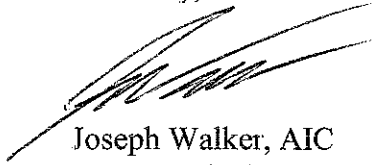
You posed some additional questions in your letter of June 3. I am unaware of any endorsement to the policy that would delete the exclusion for flood damage, feel free to forward to me the endorsement you are referring to.

I am also unaware of any endorsements that give coverage for debris removal. In order for any coverage to be available under this policy there must be damage from a covered cause of loss. Because damage caused by flooding, surface water, overflow, etc... are excluded any other coverage's referenced in the policy are excluded as well.

Finally you discuss liability coverage, in order for the association to be liable for any other parties damages they must first be negligent. Flooding caused by unprecedented rain can not be considered negligence by the association.

The determination that there is no coverage for the claim submitted is based on our investigation, the policy identified and information provided. If there is any additional information you believe to be relevant to the question of coverage, please advise and forward any additional information for review. All rights, terms, conditions and exclusions in your policy are in full force and effect and are completely reserved.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joseph Walker', written over a horizontal line.

Joseph Walker, AIC  
Brentwood Claims Branch