



Great American Insurance Group Tower  
301 E. Fourth St.  
Cincinnati, OH 45202

**October 20, 2023**

Pioneer Hills Owners Association  
c/o Teleos Management Group  
191 University Blvd #358  
Denver, CO 80206

**VIA EMAIL:** [heidi@teleos-services.com](mailto:heidi@teleos-services.com)

RE:   Named Insured:                   Pioneer Hills Owners Association  
      Policy Number:                 PAC4696018-00  
      Claim Number:                 A00528506  
      Loss Locations:                14603-15033 E. Crestridge Dr. Aurora, CO 80015  
  14361- 14991 E. Poundstone Dr. Aurora, CO 80015  
  5409-5459 S Elkhart Ct. Aurora, CO 80015  
  
      Date of Loss:                    May 10, 2023

Dear Ms. Brown,

Great American Alliance Insurance Company (“Great American”) acknowledges receipt of the above-referenced claim received in our office on May 16, 2023, from Assured Partners. You submitted this claim to Great American to determine whether any indemnity is owed under the above-referenced policy of insurance issued to Pioneer Hills Owners Association (“Pioneer Hills”) by Great American. The purpose of this letter is to advise you of Great American’s coverage position regarding the claimed interior damages for fifteen units. As further explained below, after careful review of the policy’s terms, conditions, and exclusions, in conjunction with Pioneer Hills’ by-laws and declaration of covenants and restrictions, Great American is unable to afford coverage for the interior damage reported at fourteen of these units.

**I. The Claim and Great American’s Investigation**

On or about May 16, 2023, Great American received notice of a hailstorm claim that occurred on May 10, 2023 from Pioneer Hills. Upon notice of the claim, Great American promptly acknowledged receipt of the claim and immediately commenced a comprehensive investigation of the loss. In connection with its investigation, Great American retained Crawford and Company, an independent adjusting firm. Additionally, you informed Great American that approximately 25 units had reported leaks and the vast majority of the above referenced properties (“Insured Premises”) had roof damage from the hailstorm.

On May 18, 2023, as part of his loss assessment, Michael Barrett, executive general adjuster with Crawford and Company, requested from Ms. Brown a copy of the association’s by-

laws and declarations of covenants and restrictions. These documents were provided to Mr. Barrett on May 31, 2023.

On June 1, 2023, Mr. Barrett, and Tom Speshock, assistant adjuster with Crawford and Company, met with you and a representative from Pioneer Hill's roofing contractor, CP&M/R3NG Construction, to assess the loss related damages at the Insured Premises. As part of their inspection, Mr. Barrett and Mr. Speshok conducted an initial exterior inspection of the Insured Premises. Mr. Barrett and Mr. Speshok also took photographs of the Insured Premises and spoke with you and the representative from CP&M/R3NG Construction. Their inspection found damage to the roofing systems and several of the gutter systems consistent with hail damage.

A building consultant from Young and Associates, Josh Shields, was retained to conduct a reinspection of the Insured Premises and create an estimate for the hailstorm related damages. We have enclosed a copy of this estimate with a proof of loss form for your review and consideration.

To investigate the claimed interior damages, Great American retained David Transue, a Professional Engineer with YA Engineering Services to inspect the claimed units and determine the cause of loss. Prior to his inspection, it was clarified that fifteen units<sup>1</sup> among the Insured Premises were claiming interior damages.

Mr. Transue inspected thirteen of these fifteen units over the course of June 19, June 30 and July 6, 2023. Mr. Transue evaluated unit interiors, conducted homeowner interviews, and, where practical, inspected attic spaces and roof exteriors. However, despite multiple efforts Mr. Transue was unable to inspect the units located at 14945 E Crestridge Place and 14955 E Crestridge Place.

In addition to his inspections, Mr. Transue reviewed building permits from the City of Aurora Building Department and learned that the buildings housing the claimed units were constructed between 2016 and 2018. Mr. Transue also obtained meteorological data that revealed that May 2023's rain events were the most significant rainstorms since the construction of the buildings and the total precipitation for the month was approximately four inches above the normal rate.

Inside the majority of these units, Mr. Transue found stains, paint blisters, and other damage consistent with water intrusion. Further, Mr. Transue learned from several unit owners that leaks had occurred in the past and repairs were made. However, the leaks reappeared following the hailstorm event. Mr. Transue noted that the rooftop appurtenances were installed without sealant at flashing flanges and were reverse lapped with the roof underlayment. Mr. Transue concluded that these defects made the roof penetrations susceptible to water intrusion and allowed wind driven precipitation to enter twelve of the thirteen units which caused the claimed interior damages. Mr. Transue concluded that these leaks had likely been ongoing (as evidenced by several of the unit owners reporting of prior leaks) since construction but went unnoticed in some units until the unusually rainy month of May 2023.

Mr. Transue, however, did find that 14956 E Crestridge Place's interior damage was related to the hailstorm. Specifically, Mr. Transue found two fractured PVC pipes and a hole in the pipes' boot flashing on the roof that was consistent with impact damage. These pipes were directly above the reported leak in the primary bathroom which resulted in damage to the bathroom's wall. This

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<sup>1</sup> These units were: 14733 E Crestridge Dr., 14752 E Poundstone Dr., 14761 E Poundstone Dr., 14763 E Crestridge Dr., 14814 E Crestridge Dr., 14852 E Poundstone Dr., 14916 E Crestridge Pl., 14956 E Crestridge Pl., 15004 E Crestridge Dr., 15005 E Crestridge Pl., 15006 E Crestridge Pl., 15034 E Crestridge Dr., and 15036 E Crestridge Pl.

Page 2 of 6

damage had already been repaired prior to Mr. Transue's inspection. The unit owner, Rosalynn Feagin, also informed Mr. Transue that prior to May 10, 2023, there had been no roof leaks. Due to the evidence of the fractured pipes and hole in boot flashing, the location of the interior damage, and Ms. Feagin's accounting of when the leak appeared, Mr. Transue concluded that the interior damage was likely the result of rainwater entering through the hail created opening.

## **II. Great American's Coverage Position**

Great American issued policy PAC4696018-00 Pioneer Hills for the policy period April 22, 2023 through April 22, 2024 (the "Policy"). The Policy insures the Insured Premises subject to its terms conditions, exclusions, endorsements, and other provisions. After careful review of the Policy, Great American is unable to extend coverage for the claimed interior damages for fourteen of the claimed units. Great American refers you to the following Policy provisions.

The Policy's **Causes of Loss – Special Form CP 10 30 (09 17)**, reads as follows:

### **A. *Covered Causes Of Loss***

*When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.*

### **B. *Exclusions***

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2. *We will not pay for loss or damage caused by or resulting from any of the following:*

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- d. (1) Wear and tear;*
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;*
- (3) Smog;*
- (4) Settling, cracking, shrinking or expansion;*

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- m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.*

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3. *We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss*

*that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.*

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.*
- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.*
- c. 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 on or off the described premises.**

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### **C. Limitations**

*The following limitations apply to all policy forms and endorsements, unless otherwise stated:*

- 1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.*

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- c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
  - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or**

- (2) *The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.*

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Great American's inspection of the claimed interior damages revealed that twelve of the fifteen units' damages were caused by wind-driven rain entering through faulty design and construction defects. The Policy does not provide coverage for wind-driven rain unless it enters through an opening created by a covered cause of loss. As faulty design and construction are explicitly excluded, there is no coverage for these twelve units.

Great American is, however, affording coverage for the damage to the unit located at 14956 E. Crestridge Place, as Great American's investigation found that 14956 E Crestridge Place's interior damage was related to the hailstorm, which is a covered cause of loss.

In addition, the Policy provides that Pioneer Hills must cooperate with its investigation and allow inspections to occur. We refer you to the Policy's **Condominium Association Coverage Form CP 00 17 (10 12)**, which states, in part:

***E. LOSS CONDITONS***

*The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.*

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**3. *Duties In The Event Of Loss Or Damage***

- a.** *You must see that the following are done in the event of loss or damage to Covered Property:*

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- (6) *As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.*

*Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.*

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- (8) *Cooperate with us in the investigation or settlement of the claim.*

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Great American was unable to investigate two of the fifteen units. While Mr. Transue made multiple efforts to access these units, Pioneer Hills failed to provide access to the same. As such, Great American is unable to accept coverage for these units as Pioneer Hills has failed to allow Great American to inspect the claimed damage in breach of the Policy's conditions. However, if these units are made available for inspection, Great American is happy to reconsider its coverage determination for those two units. In doing so, Great American reserves all rights under the Policy.

### **III. Conclusion**

Nothing contained in this letter, nor any act of Great American or its representatives, should be construed as a waiver of any known or unknown coverage defense under the Policy. Nor does this letter waive or change any term, condition, exclusion, limitation, monetary limit, deductible, or other provision of the Policy. Great American reserves all of its rights under the Policy, in equity and at law, including but not limited to those grounds set forth herein or in any prior correspondence.

Of course, please also provide any further information or documentation that you may wish for Great American to consider in connection with this claim. Kindly refer to the above claim number on any correspondence or have it available when calling our office.

Sincerely,



Alex Swoboda  
**Senior Claims Representative | Risk Solutions**  
T: 513.412.0803 | F: 513.345.9291 | [aswoboda@GAIG.com](mailto:aswoboda@GAIG.com)

Enclosures (4):

- 1) YA Engineering Services - Engineer Report
- 2) Estimate of Damages
- 3) Proof of Loss
- 4) Hail Deductible Summary

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