

Sent Via Certified Mail Return Receipt Requested

May 11, 2021

Country Club of Coral Gables
Attn: Anthony Di Donato
997 N Greenway Dr
Coral Gables, FL 33134

Attention: Anthony Di Donato

Assured	:	Country Club of Coral Gables DBA Coral Grand LLC
Loss Location	:	997 N Greenway Dr Coral Gables, FL 33134
Insurers	:	RSUI
Policy No.	:	LHD911434
Policy Term	:	January 17, 2020 - January 17, 2021
Date of Loss	:	January 15, 2021
Claim Reference	:	7030153974
McLarens Reference	:	009.021480

Dear Mr. Di Donato,

McLarens, on behalf of Landmark American Insurance Company (“Landmark”), has completed its investigation of your claim under policy number LHD911434 for the period of January 17, 2020 – January 17, 2021.

McLarens are independent claims adjusters and were assigned the handling of the investigation on behalf of Landmark. We received this matter on January 15, 2021 and contacted you to discuss the loss and coordinate a site inspection. Our initial inspection dated February 2, 2021 revealed damages to the pool coping, spalling of the concrete ceiling in the basement, water damage to the floor coverings in the main ballroom, water damage to the floor coverings in the small event room (Fountain Room), interior water damage to in the hallway leading from main lobby to the large event room, interior water damage in the large event room leading to the pool, water damage and termite damage in the hallway from the large event room to the café, and interior water damage to the men’s bathroom in hallway leading from large event room to the café.

After completing our initial inspection, we retained Jonnatan Mendez of JS Held to assisting in completing a cause and origin evaluation on February 11, 2021 of the damages presented. Mr. Mendez has provided his report (attached) which outlines the following conclusions related to the damages you are claiming:

CONCLUSIONS

Based on our inspection of the property and evaluation of pertinent information made available, we have reached the following opinions:

1. The reported staining on ceiling finishes in the south corridor, the event/assembly area (atrium), the covered stage, and the men's room near the Café were the result of repeated water intrusion through the roof systems over a period of several months to years caused by deficient flashing/drainage details, gradual deterioration of the roofing materials (during the service life of the roof) and deferred/ineffective maintenance.

2. The reported water intrusion in the Bridal Room was consistent with moisture migration through unsealed openings or lack of weather seals on the outside of the window framework as a result of deferred maintenance.

3. The localized damage to the wood flooring in the ballroom and the Fountain room were the result of long-term water vapor transmission from the ground through the underlain concrete floor slab and into the wood flooring over a period of at least several months to years due to a deficient vapor retarder or lack thereof beneath the wood flooring. Prior leaks from the AHU in the utility/wine cooler closet adjacent to the ballroom and water intrusion through the northward window in the Fountain room had contributed to the wood flooring damage.

4. The damage to the wood framing in the hallway to the café was caused by moisture infiltration through the exterior envelope of the building in proximity to the wood framing over a period of several years and exacerbated by suspect wood boring insect infestation.

5. The cracks and spalling in the concrete slab within the pool basement were the result of the longterm expansion of the embedded metal reinforcement due to corrosion over a period of several years. Concrete rebar corrosion is primarily caused by exposure to chloride ions. The chloride ions infiltrate into concrete through the surface, and/or cracks, as a result of insufficient concrete cover and lack of adequate moisture protection.

6. The cracks in the pool coping and deck pavers were the result of long-term foot traffic and unsealed joints that enabled moisture infiltration into the concrete substrate underneath the pavers. Consequently, this resulted in further reflective cracking due to expansion and contraction movements in the concrete during hot and cool climates. Typical wear and tear during the service life of the materials and ineffective maintenance contributed to the damage.

Your property is insured by policy # LHD911434, which is a Commercial Property Policy. In light of the foregoing, Underwriters wish to direct your attention to wording contained in the **Cause of Loss – Special Form**, which states in pertinent part:

CAUSES OF LOSS – SPECIAL FORM

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

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 (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (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; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungus", wet or dry rot or bacteria result from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage, Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria, with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions B.1.a. through B.1.h. apply whether or not the loss event results in widespread damage or affects a substantial area.

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

- 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;
 - (4) Settling, cracking, shrinking or expansion;
 - (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
 - (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

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.

- 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.

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.

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.

E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in E.2. and E.6. only applies when the "fungus", wet or dry rot or bacteria are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

- a. A "specified cause of loss" other than fire or lightning; or
- b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

G. Definitions

2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

The CP0090 0788 Commercial Property Conditions Form states:

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.

Lastly, Underwriters would like to point out that coverage cannot be extended for pre-existing damage as follows:

This Endorsement Changes The Policy. Please Read It Carefully.

EXCLUSION – PRE-EXISTING DAMAGE

This endorsement modifies insurance provided under the following:

ALL COVERAGE PARTS

We will not pay for any loss or damage which occurred, existed, or commenced prior to the inception date of this Policy, whether such loss or damage was known or unknown to any Insured or party seeking recovery under this Policy. This insurance also does not apply to the following loss or damage which is likewise excluded from coverage:

- (a) Pre-existing damage, which occurred, existed, or commenced, in whole or in part, prior to the inception date of this Policy;
- (b) Loss or damage, which occurs during this Policy period, but was caused directly or indirectly by pre-existing damage, which pre-dated this Policy;
- (c) Loss or damage resulting from pre-existing damage which occurred, existed, or commenced prior to the inception date of this Policy; or
- (d) Loss or damage which is, or is alleged to be, in the process of occurring as of the inception date of this Policy, even if the “occurrence” continues during this Policy period.

Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

Property damage which occurred, existed, or commenced prior to the effective date of this Policy will be deemed to have happened prior to, and not during, the term of this insurance.

Based on the foregoing and the engineer’s conclusions that there is no evidence of a covered cause of loss that allowed water to enter into any portion of the property causing the ensuing damages, the spalling of the cement ceiling in the basement, the pool coping, and/or the termite damages in the rear hallway. Further, the JS Held report indicates damages commenced long before this policy’s inception, which would also preclude coverage under the Landmark policy. Landmark will not be able to issue any payments for the damages. Should you have any information, which would change Landmark’s current position, they request that you please provided to the undersigned.

Based on the above, but not necessarily restricted thereto, we regret to advise we fail to find coverage for your claim. Under the circumstances Underwriters, respectfully denies coverage of this claim.

In making this denial, Landmark reserve all rights and defenses available under the said policy of insurance and the rights of Landmark are not deemed to be waived in any manner.

The foregoing is not to be considered all inclusive, if you have any additional information that you may wish us to review and/or consider, we respectfully request that you forward same to our attention.

When a dispute exists regarding your claim, or when we have denied payment of your claim, Florida Law requires we notify you of your right to participate in the Property Insurance Mediation Program established by the Department of Financial Services. The Chief Financial Officer for the State of Florida has adopted a rule to facilitate the fair and timely handling of residential property insurance claims. The rule gives you the right to attend a mediation conference with your insurer in order to settle any claim you have with your insurer. An independent mediator, who has no connection with your insurer, will be in charge of the mediation conference. You can start the mediation process after receipt of this notice by calling the Department of Financial Services at 1 (877) 693-5236. The parties will have 21 days from the date of the notice to otherwise resolve the dispute before a mediation hearing can be scheduled.

If you have any questions pertaining to this correspondence or any other aspect of this claim, please do not hesitate to contact the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to be 'Michael High', written in a cursive style.

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