

October 13, 2025

CERTIFIED MAIL R.R.R.

9589 0710 5270 2677 5653 77

& Via E-Mail: matt@arthousebillings.com

Cine Billings Inc. dba Art House Cinema & Pub
Babcock Theater
109 N. 30th Street
Billings, MT 59101

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|------------------|---|
| RE: Claim #: | G10079601 |
| Insured: | Cine Billings Inc. dba Art House Cinema & Pub; Babcock Theater |
| Policy #: | IMA429087A |
| Effective Dates: | 03/12/2025 – 03/12/2026 |
| Reported D/Loss: | May 29, 2025 |
| Location: | 2810 2 nd Ave. N., Billings, MT 59101 |

Dear Insured:

Please note that GenStar Insurance Services, LLC, is handling this claim on behalf of General Star Indemnity Company who issued the above referenced policy. This letter acknowledges receipt of a Property Loss Notice for the above captioned date, received in our office on May 29, 2025. The loss notice indicated “roof falling”.

As you are aware, this claim was assigned to Nathan Kascel of Engle Martin and Kelly D. Huff of S-E-A Limited to investigate and determine the extent of your claimed loss and the cause of the ceiling collapse. We have also been made aware a that Business Income claim is being pursued.

S-E-A’s conclusions are as follows:

- Over time, the expansion/contraction of the wood-ceiling framing, along with tension loads from the ceiling weight has allowed the nails to back out of the wood ceiling framing, in turn producing the partial detachment and collapse of the plaster ceiling.
- It is quite possible that there is limited ventilation in the attic space of the Theatre, creating a greater temperature differential between the attic and interior theater space, and an environment that this more conducive to movement between dissimilar materials.

Please refer to your policy, more specifically form CP1030 (Causes of Loss-Special Form), wherein it states:

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

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

d. (1) Wear & 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;

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.

k. Collapse, including any of the following conditions of property or any part of the

property:

(1) An abrupt falling down or caving in;

(2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or

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:

(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*

c. *regardless of the insured's actual or constructive knowledge of the severity of the loss or damage.*

Also, please also see Form CPR 21 0001:

EXCLUSION – PRE-EXISTING DAMAGE

This endorsement modifies insurance under the following:

CAUSE OF LOSS – SPECIAL

The following is added to B. Exclusions:

This policy excludes any pre-existing property damage as well as any loss or damage directly or indirectly caused by, resulting from or contributed to by any pre-existing damage at the time of loss.

Please also refer to your policy, specifically form CP0030 BUSINESS INCOME (AND EXTRA EXPENSE) which reads in part:

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

Per the above captioned policy language, we are unable to provide coverage under the policy for the damage being claimed to business personal property as the inspection did not reveal any sudden and accidental building damage caused by or resulting from any covered cause of loss or any storm-created openings. Any issue that the building is experiencing is the result of excluded causes of loss under the policy and as such, Business Income nor Business Personal Property coverage has not been triggered.

This letter is intended to inform you of those coverage issues which General Star has been able to determine, to date, based upon the facts provided in your Property Loss Notice and our investigation. Further limitations and exclusions may be applicable to your claim, however, because General Star has concluded that there is no coverage for your claim, any discussion of those limitations and exclusions would be purely speculative at this time. Because of the possibility that other limitations and exclusions might apply, General Star specifically reserves its right to decline coverage for your claim under any of the terms, conditions, limitations, exclusions and other provisions of the Policy not specifically referenced in this letter.

Because other reasons may exist for which there is no potential for coverage under the Policy, the reasons set forth in this letter for General Star's denial of coverage are not intended to be exclusive and are based only on information available to General Star at the present time. General Star reserves the right to rely upon any additional reasons to deny coverage, as appropriate, in light of any new information provided to General Star.

General Star also specifically reserves the right to conduct an additional investigation or analysis of your claim if it receives information which was not previously provided. Accordingly, no acts by any of General Star's agents, adjustors, or employees are to be construed as a waiver or operate as an estoppel with respect to any of General Star's rights under the Policy. In addition, no conduct of General Star or its employees, agents or adjustors is to be construed as a waiver or surrender of any term, condition, limitation, exclusion, or other provision of the Policy. Finally, General Star specifically reserves the right to resolve any coverage dispute or contract issue, if necessary, by filing an action for declaratory relief.

Should you have any new or additional information that suggests any of the conclusions set forth above are incorrect, please contact the undersigned at (800) 624-5237.

Very truly yours,



Joanne I. Vitti
Assistant Vice President | Claims Division
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