IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF IOWA
CENTRAL DIVISION

PRISCILLA CROXDALE AND RALPH CROXDALE, Plaintiffs, v. THE TRAVELERS HOME AND MARINE INSURANCE COMPANY, Defendant.	**No. 4:24-cv-00048-RGE-SBJ** **ORDER GRANTING DEFENDANT'S MOTION FOR SUMMARY JUDGMENT AND DENYING PLAINTIFFS' MOTION FOR PARTIAL SUMMARY JUDGMENT**

I. INTRODUCTION

Homeowners—Plaintiffs Priscilla and Ralph Croxdale—sue their insurer—Defendant The Travelers Home and Marine Insurance Company—alleging breach of contract and bad faith regarding Travelers' denial of insurance coverage for water damage to their home. Travelers moves for summary judgment, arguing two exclusions in the policy apply: one excluding coverage for mold, fungus, or rot, and another excluding coverage for damage caused by a continuous or intermittent leak lasting two weeks or longer. Plaintiffs resist and move for partial summary judgment. The Court concludes the extended-leak exclusion applies and defeats coverage. The Court grants Travelers' motion for summary judgment on all claims and denies Plaintiffs' motion.

II. BACKGROUND

A. Factual Background

The Court draws the following facts from undisputed policy language and from undisputed assertions of fact in the parties' statements of fact as supported by evidence or admissions in the record. *See* Fed. R. Civ. Pro. 56(c)(1)(A); *see also Missouri Hous. Dev. Comm'n v. Brice*, 919 F.2d 1306, 1315 (8th Cir.1990) ("[A]dmissions in the pleadings are binding on the parties and may support summary judgment against the party making such admissions.")

1. The Policy

Travelers insured Plaintiffs' house in Iowa for the period of August 26, 2021 through August 26, 2022. Policy No. 989304897 633 1, Def.'s App. Part 1 Supp. Mot. Summ. J. at Travelers App. 006–044, ECF No. 38-3. The Policy is a general, all-perils policy listing several exclusions. *Id.* The relevant policy language appears in a form identified as form "HO-3" and in an Iowa-specific endorsement identified as "HO-300 IA." Def.'s Stmt. Undisp. Facts ¶¶ 006–041, ECF No. 38-2; ECF No. 38-3 at Travelers App. 042–044. The basic policy language in form HO-3 describes the general all-perils coverage and the extended-leak exclusion as follows:

> SECTION I – PERILS INSURED AGAINST
> 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 Section I – Exclusions;
> b. . . .
> c. Caused by:
> . . .
> (5) Constant or repeated seepage or leakage of water or steam, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more; or
> . . .
> Under 2.b and c. above, any ensuing loss to property described in Coverages A and B not excluded by any other provision in this policy is covered.

ECF No. 38-3 at Travelers App. 021–022.

The Iowa-specific endorsement amends the quoted temporal language to state "over a period of weeks, months or years" rather than "over a period of 14 days or more." *Compare* Def.'s App. Part 2 Supp. Mot. Summ. J. at Travelers App. 042, ECF No. 38-4 *with* ECF No. 38-3 at Travelers App. 021. The amended language in the endorsement preserves the exclusionary language of Section "2." and sub-header "2.c." in form HO-3, as quoted, but replaces the language of subsection "2.c.(5)" as follows:

> In Forms HO-3 . . . Paragraph 2.c.(5) is deleted and replaced with the following:
> (5) Constant or repeated seepage or leakage of water or steam, or the presence or condensation of humidity, moisture or vapor, that occurs over a

period of weeks, months, or years[.]

ECF No. 38-4 at Travelers App. 042.

2. The Events

On November 25, 2021, Plaintiffs left their Iowa house unoccupied, with major appliances removed, to stay with their daughter in Wisconsin. ECF No. 38-2 ¶ 3; Pls.' Resp. Def.'s Stmt. Undisp. Facts ¶ 3, ECF No. 43-1. Plaintiffs did not leave a key with anyone for access to the house. ECF No. 38-2 ¶ 5; ECF No. 43-1 ¶ 5. On February 12, 2022, an Iowa neighbor contacted Plaintiffs and "informed them there appeared to be a water leak at the home based upon his observation of large chunks of ice surrounding the door of the back porch." ECF No. 38-2 ¶ 4; ECF No. 43-1 ¶ 4. That same day, Plaintiffs had the water at the house shut off. ECF No. 38-2 ¶ 6; ECF No. 43-1 ¶ 6. On February 14, 2022, Plaintiffs reported the leak to Travelers. ECF No. 38-2 ¶ 6; ECF No. 43-1 ¶ 6. On February 21, 2022, Plaintiffs returned to their Iowa house. ECF No. 38-2 ¶ 7; ECF No. 43-1 ¶ 7.

Travelers inspected the house on February 23, 2022, and March 8, 2023, observing extensive damage including collapsed basement ceilings, warped basement walls, and mold throughout the basement and first floor. ECF No. 38-2 ¶ 8; ECF No. 43-1 ¶ 8. Travelers obtained utility records for the home showing: no water use between November 13 and December 14, 2021; 1,000 gallons of water use between December 15, 2021, and January 13, 2022; and 28,000 gallons of water use between January 14 and February 14, 2022. ECF No. 38-2 ¶ 11; ECF No. 43-1 ¶ 11. Travelers denied Plaintiffs' claim based on a fungi exclusion and the extended-leak exclusion. ECF No. 38-2 ¶ 13; ECF No. 43-1 ¶ 13.

In a denial letter and in follow-up correspondence, Travelers cited the basic policy language referencing "14 days or more" but did not cite the Iowa-specific endorsement with the language "weeks, months, or years." ECF No. 38-4 at Travelers App. 106–110. Travelers referenced the water-use records and explained the leak must have started between December 15,

2021, and January 13, 2022, when the home was unoccupied but used 1,000 gallons of water. *Id.* Travelers further explained the leak must have worsened or continued between January 14 and February 12, 2022, when the home was unoccupied but used 28,000 gallons of water. *Id.*

Plaintiffs disputed the denial of coverage. ECF No. 38-2 ¶ 15; ECF 43-1 ¶ 15. Travelers hired a forensic engineer who looked at additional utility records (propane, electricity, etc.), weather conditions, and photographs. ECF No. 38-2 ¶ 16; ECF 43-1 ¶ 16. The engineer determined the leak began on January 12, 2022. *Id.* Travelers maintained its denial of coverage. ECF No. 38-2 ¶ 17; ECF 43-1 ¶ 17.

B. Procedural Background

Plaintiffs filed the present action alleging the policy provides coverage in full or, in the alternative, coverage for damages incurred during the first thirteen days of the leak. Pet. ¶¶ 9, 14, 17, ECF No. 1-3. Plaintiffs also allege Travelers acted in bad faith by denying the claim. *Id.* ¶¶ 28–1. Plaintiffs argue Travelers' failure to cite the Iowa-specific endorsement and the language "weeks, months, or years," ECF No. 38-4 at Travelers App. 042, rather than the basic policy language "14 days or more," ECF No. 38-3 at Travelers App. 021, demonstrates bad faith. Pls.' Br. Supp. Resist. Def.'s Mot. Summ. J. 14–15, ECF No. 41-1.

Travelers moves for summary judgment arguing the plain text of the policy precludes all coverage including coverage for damages incurred in the first thirteen days of an extended leak. Def.'s Mot. Summ. J. ¶¶ 3–5, ECF No. 38. Travelers also argues common sense and practical concerns dictate that no reasonable basis exists to distinguish between damages occurring in the first thirteen days of a leak and damages occurring later during a leak, thus making Plaintiffs' interpretation nonsensical. Def.'s Br. Supp. Mot. Summ. J. 9 ("nonsensical"), 12 ("Plaintiffs have no expert who has determined, or even demonstrated it could be determined, what damage occurred Days 1–13 and what damage occurred Day 14."), ECF No. 38-1. Finally, Travelers argues there is no material distinction between the meaning of the temporal language in the basic policy

and the Iowa-specific endorsement, such that any failure to cite the endorsement at the time of claim denial was harmless and cannot support a claim of bad faith. *Id.* at 16–19. Plaintiffs resist. Pls.' Resist. Def.'s Mot. Summ. J., ECF No. 43. Travelers filed a reply. Def.'s Reply Supp. Mot. Summ. J., ECF No. 45.

Plaintiffs filed a cross motion for partial summary judgment, asserting their interpretation of the policy language. Pls.' Mot. Partial Summ. J., ECF No. 41. Travelers resists. Def.'s Resist. Pls.' Mot. Partial Summ. J., ECF No. 42. And Plaintiffs filed a reply. Pls.' Reply Supp. Mot. Partial Summ. J., ECF No. 46. Given the parties' underlying dispute regarding the policy's meaning, arguments on the motion for summary judgment and the cross-motion overlap.

In none of the filings do Plaintiffs present evidence to contest Travelers' assertions or expert opinion that the leak commenced on January 12, 2022, and continued through February 12, 2022, when the water was turned off. Nor do Plaintiffs present evidence suggesting a factual basis for distinguishing between damages incurred during the first thirteen days of the leak and damages occurring later.

The Court sets forth additional facts as necessary. The Court concludes the briefing and record adequately present the issues for consideration and concludes no hearing is required. *See* LR 7(c); Fed. R. Civ. P. 78(b).

III. LEGAL STANDARD

Under Federal Rule of Civil Procedure 56, the Court must grant a party's motion for summary judgment if no genuine issues of material fact exist and the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(a); *see also Celotex Corp. v. Catrett*, 477 U.S. 317, 322–23 (1986). A genuine issue of material fact exists where the issue "may reasonably be resolved in favor of either party." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 250 (1986). "Only disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment. Factual disputes that are irrelevant or unnecessary will

not be counted." *Id.* at 248.

When considering summary judgment, the "nonmoving party receives the benefit of all reasonable inferences supported by the evidence but has 'the obligation to come forward with specific facts showing that there is a genuine issue for trial.'" *Atkinson v. City of Mountain View*, 709 F.3d 1201, 1207 (8th Cir. 2013) (quoting *Dahl v. Rice Cnty.*, 621 F.3d 740, 743 (8th Cir. 2010)). "The plaintiff must substantiate [the] allegations with sufficient probative evidence that would permit a finding in [the plaintiff's] favor." *Smith v. Int'l Paper Co.*, 523 F.3d 845, 848 (8th Cir. 2008) (internal quotation marks and citation omitted). "Where the record taken as a whole could not lead a rational trier of fact to find for the nonmoving party, there is no genuine issue for trial," and the moving party is entitled to judgment as a matter of law. *Torgerson v. City of Rochester*, 643 F.3d 1031, 1042–43 (8th Cir. 2011) (en banc) (internal quotation marks omitted) (quoting *Ricci v. DeStefano*, 557 U.S. 557, 586 (2009)).

IV. DISCUSSION

Plaintiffs allege breach of contract, seeking damages and a declaratory judgment. ECF No. 1-3 ¶¶ 20–27 Plaintiffs also allege bad faith and seek damages. *Id.* ¶¶ 28–31. When insurance contract interpretation requires no consideration of extrinsic evidence, the Court interprets the contract as a matter of law. *See Liberty Mut. Ins. Co. v. Pella Corp.*, 650 F.3d 1161, 1169–70 (8th Cir. 2011). As noted, Travelers presents evidence demonstrating the leak began on or before January 12, 2022. Plaintiffs present no evidence to contest Travelers' showing or otherwise substantiate an assertion that the leak lasted less than fourteen days. It is undisputed the leak continued until Plaintiffs turned off water to the home on February 12, 2022. There is, therefore, no triable question of fact regarding the duration of the leak. *Cf. Smith*, 523 F.3d at 848 ("[t]he plaintiff *must* substantiate" her properly challenged allegations at summary judgment (emphasis added) (quotation mark and citation omitted)). For summary judgment purposes, the Court accepts the leak continued for over 4 weeks; its duration exceeded "14 days," ECF No. 38-3 at Travelers

App. 021–022, lasting "weeks," ECF No. 38-4 at Travelers App. 042.

Whether considered under the exclusion in form HO-3 or the exclusion in form HO-300 IA, the leak existed on a continuous or repeated basis for "14 days or more" or for "weeks." There is no material difference in the meaning of the language in the basic policy or the Iowa endorsement. Under any fair reading of the plain language, coverage is excluded for damage caused by the extended leak. *See, e.g.*, *Landrum v. Allstate Ins. Co.*, 811 F. App'x 606, 608–10 (11th Cir. 2020) (unpublished) (exclusion barred coverage for all damage resulting from twenty-five-day water leak, not just damage occurring after the first thirteen days); *McKain v. Safeco Ins. Co.*, 623 F.Supp.3d 1117, 1122 (D. Mont. 2022) (exclusion applied because "the temporal limitation imposed in the long-term leak exclusion applies to the peril—the continuous or repeated seepage or leakage of water—and not the loss"). Like the courts in *Landrum* and *McKain*, the Court concludes the temporal language modifies "leak" and not "damage" or "loss."

Plaintiffs nevertheless argue the exclusion language permits coverage for damage caused prior to a leak's fourteenth day. ECF No. 41-1 at 2. Plaintiffs argue first that unless the language in the endorsement carries a meaning different than the language in the basic policy, the endorsement would be surplusage. *See id.* at 5 (citing *U.S. Bank, Nat'l Ass'n v. Bittner*, 986 N.W.2d 840, 848 (Iowa 2023) ("[W]e assume in the first instance that no part of an agreement is superfluous.")). Plaintiffs read too much into this asserted canon of construction. While courts attempt to give every term in a contract meaning and avoid surplusage, state-specific endorsements may repeat or slightly alter language without implying a change of meaning. Canons of construction do not defeat plain meaning, and the Court will not strive to find a distinction where none appears in the contract's plain language. *See, e.g.*, *Chickasaw Nation v. United States*, 534 U.S. 84, 94 (2001) ("[C]anons are not mandatory rules. They are guides that 'need not be conclusive.'" (quoting *Circuit City Stores, Inc. v. Adams*, 532 U.S. 105, 115 (2001))); *see also Bittner*, 986 N.W.2d at 850 ("Even agreements tailored to particular transactions sometimes

include overlapping or redundant or meaningless provisions. . . . The preference for an interpretation which gives meaning to every part of an agreement does not mean that every part is assumed to have legal consequences." (quoting Restatement (Second) of Contracts. § 203 cmt. b, at 93); *Peak v. Adams*, 799 N.W.2d 535, 547–48 (Iowa 2011) (canons of statutory interpretation may be used to aid interpretation of contracts).

Second, Plaintiffs characterize the endorsement's leak provision as a coverage-providing term that amends the basic policy language. *See* ECF No. 41-1 at 5 ("The problem with this analysis is that [the language in Form HO-3] did not apply. The Endorsement replaced Paragraph 2.c.(5) of form HO-3 with another provision *that extended coverage* to water leakage or humidity 'that occurs over a period of weeks, months, or years.'"). Plaintiffs also characterize the temporal language as modifying the term "loss" rather than the term "leakage." Plaintiffs' arguments fail. The pertinent endorsement language describes an exclusion from the general all-perils coverage. *See* ECF No. 38-4 at Travelers App. 042. Plaintiffs present no cogent argument as to how the endorsement might be interpreted as expanding coverage. Moreover, inclusion of the temporal limit in subpart 2.c.(5)—originally and also in the Iowa endorsement—places the temporal limit squarely in position to describe the terms "seepage or leakage of water or steam, or the presence or condensation of humidity, moisture or vapor" rather than some other term such as peril, loss, or damage. *See Boelman v. Grinnell Mut. Reins. Co.*, 826 N.W.2d 494, 501 (Iowa 2013) ("Words in an insurance policy are to be applied to subjects that seem most properly related by context and applicability." (cleaned up, citations omitted)).

Finally, Plaintiffs argue two cases involving similar exclusion terms show coverage exists for damage caused in the first thirteen days of a leak. *See* ECF No. 41-1 at 10–12 (discussing *Wheeler v. Allstate Ins. Co.*, 687 F. App'x 757 (10th Cir. 2017) (unpublished) and *Hicks v. Am. Integrity Ins. Co. of Fla.*, 241 So.3d 925 (Fla. Dist. Ct. App. 2018)). In both cases, reviewing courts reversed grants of summary judgment holding the language of the exclusion was ambiguous

and plaintiffs' experts presented evidence demarcating harm that occurred before and after the thirteenth day. *See Wheeler*, 687 F. App'x at 766–67; *Hicks*, 241 So.3d at 927–28. The Court finds neither case compelling because each misapplies the limiting temporal language to the loss or damage rather than to the terms "seepage or leakage of water or steam, or the presence or condensation of humidity, moisture or vapor"—the terms to which the temporal limit unambiguously applies. *See, e.g.*, *Wheeler* 687 F. App'x at 777 (Moritz, J., dissenting) ("I would hold [the] [e]xclusion . . . unambiguously applies to all of the damage the leak caused, including the damage that occurred during the first 13 days of the multi-week 'period' during which the leak ultimately persisted.").

In any event, even if the Court accepted Plaintiffs' proposed interpretation, summary judgment for Travelers would remain appropriate. In *Wheeler* and *Hicks* the plaintiffs had supported their cases with expert reports detailing damages that had occurred prior to the fourteenth day. As already noted, Plaintiffs provide no such evidence. Accordingly, even if the Court accepted Plaintiffs' counter-textual interpretation, Plaintiffs offer no evidence to suggest Plaintiffs' damages are divisible. Therefore, Plaintiffs' interpretation fails as a legal and factual matter.

V. CONCLUSION

Because the Court agrees with Travelers that the extended-leak exclusion applies, the Court concludes the policy does not cover Plaintiffs' loss. The Court also concludes Travelers acted on a reasonable basis when denying coverage such that Plaintiffs' bad-faith claim also must fail. *See Dolan v. Aid Ins. Co.*, 431 N.W.2d 790, 794 (Iowa 1988) ("To show a claim for bad faith, a plaintiff must show the absence of a reasonable basis for denying benefits of the policy and defendant's knowledge or reckless disregard of the lack of a reasonable basis for denying the claim." (citation omitted)). The Court denies Plaintiffs' cross motion for partial summary judgment for the same reason it grants Travelers' motion.

IT IS ORDERED that Defendant The Travelers Home and Marine Insurance Company's Motion for Summary Judgment, ECF No. 38, is **GRANTED**.

IT IS FURTHERED ORDERED that Plaintiffs Priscilla Croxdale and Ralph Croxdale's Motion for Partial Summary Judgment, ECF No. 41, is **DENIED**.

IT IS SO ORDERED.

Dated this 23rd day of June 2025.

REBECCA GOODGAME EBINGER
UNITED STATES DISTRICT JUDGE