

360Value®

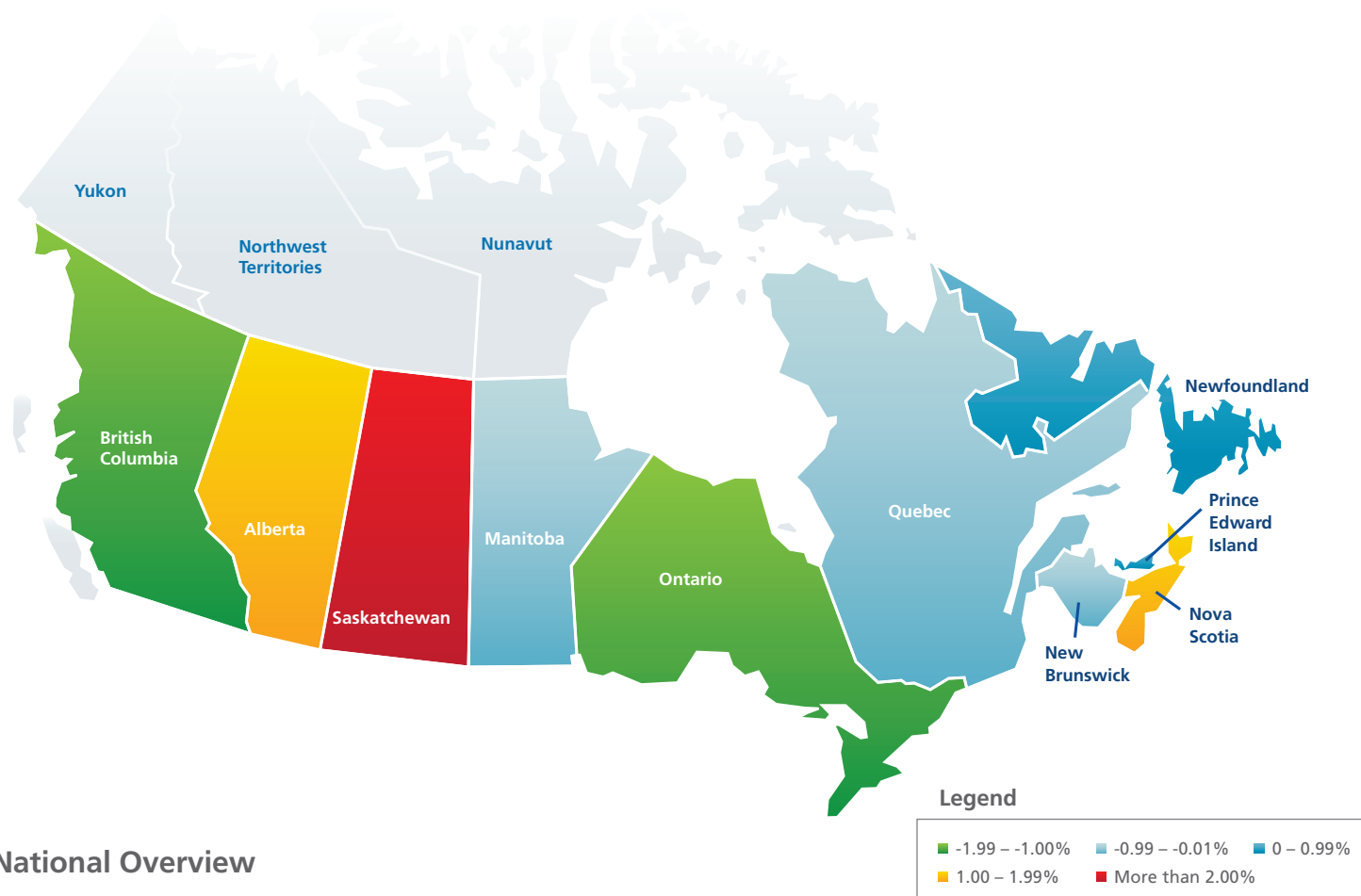
Overview of Property Reconstruction Cost Changes

Q2 2012

Current, localized, and detailed cost information on reconstruction labour and building materials is essential to create reliable, component-based replacement-cost estimates. To supply insurance professionals and underwriters with this valuable information, the underlying reconstruction cost data used to develop 360Value® estimates is continually researched and validated at a highly localized level.

Xactware has developed a comprehensive building cost research process that includes real-time feedback on reconstruction costs from thousands of contractors and claims adjusters in the field, extensive material and labour cost surveys, and analysis of hundreds of thousands of actual damage-repair estimates for claims each year. Updated reconstruction cost data is incorporated into 360Value on a quarterly basis.

This report provides an overview of current reconstruction cost trends at the national and provincial levels. It also gives 360Value users a general understanding of how key material and labour prices have trended over the past 12 months. The data contained in this report should not be used as the basis for underwriting or renewal decisions, as changes in replacement-cost estimates may vary dramatically at the individual property level.



National Overview

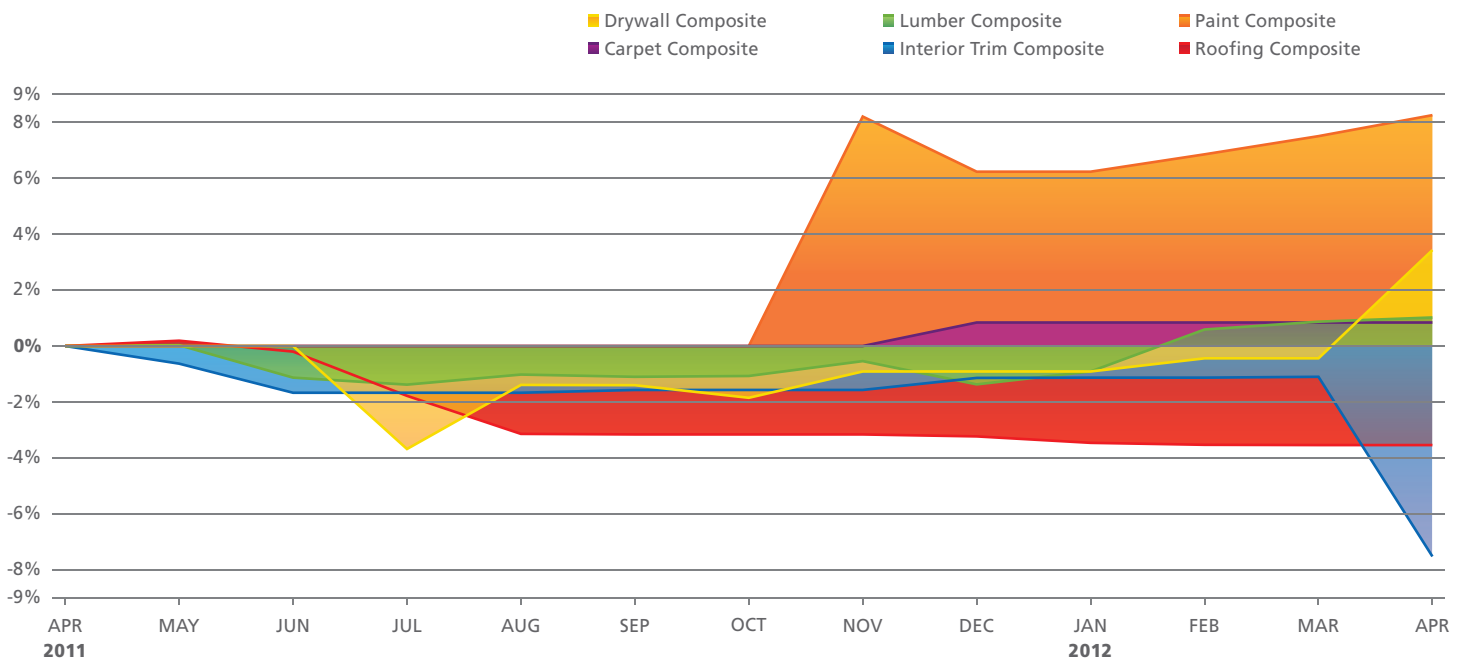
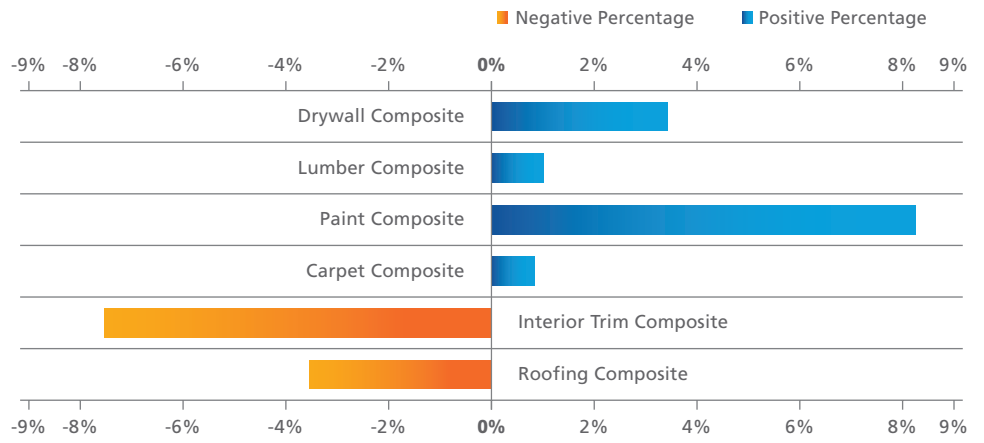
In Canada, overall reconstruction costs at the national level decreased 0.38 per cent between January 2012 and April 2012, according to Xactware's reconstruction cost research. During the past 12 months, overall reconstruction costs went up 0.93 per cent.

Only Saskatchewan reported an increase of more than 2.00 per cent over the past 12 months. Five provinces reported decreases, with British Columbia reporting the largest (-1.91 per cent) and Ontario reporting the second largest (-1.59 per cent).

Changes in reconstruction costs by province from April 2011 to April 2012.

Material Cost Analysis

Overall material costs for common repairs increased 0.32 per cent between January 2012 and April 2012. During the past 12 months, overall material costs rose 0.30 per cent, driven in part by the cost of paint and drywall rising 8.25 per cent and 3.4 per cent, respectively. The cost of interior trim materials fell a notable 7.52 per cent, with about 6.00 per cent of the drop coming in the past month alone.

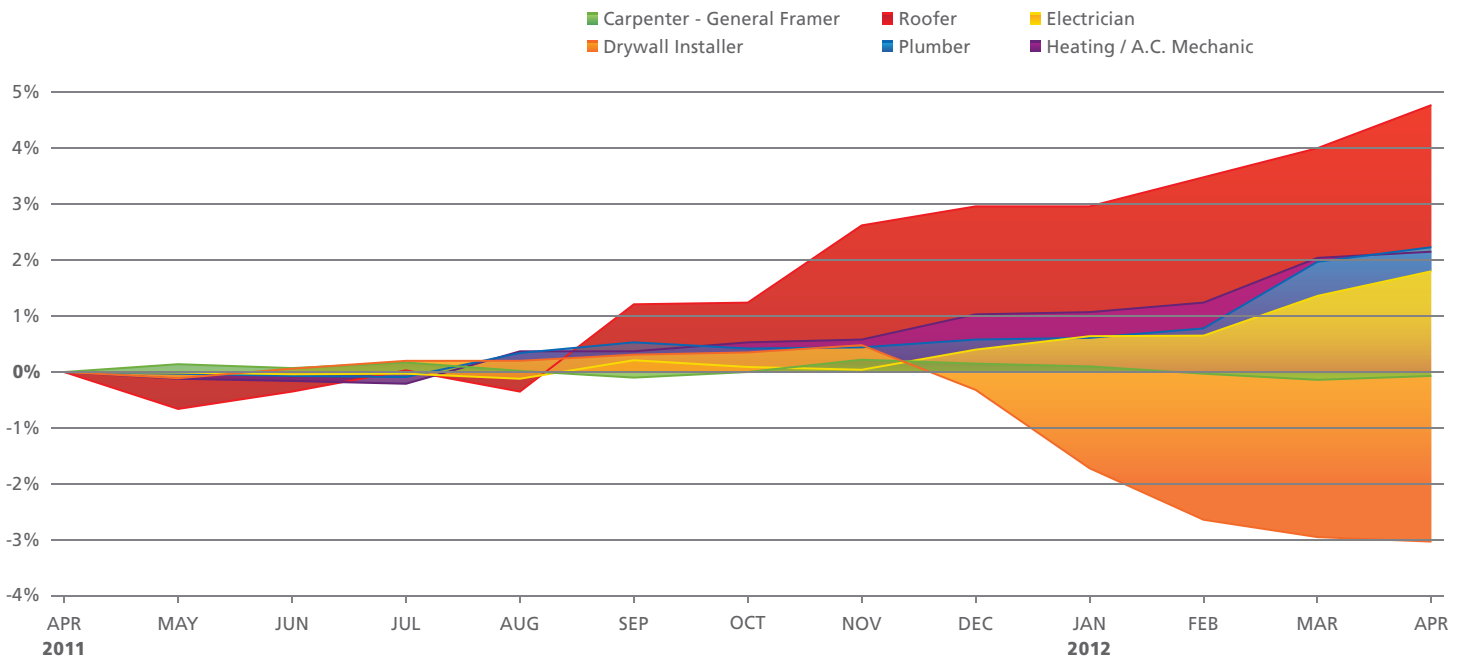
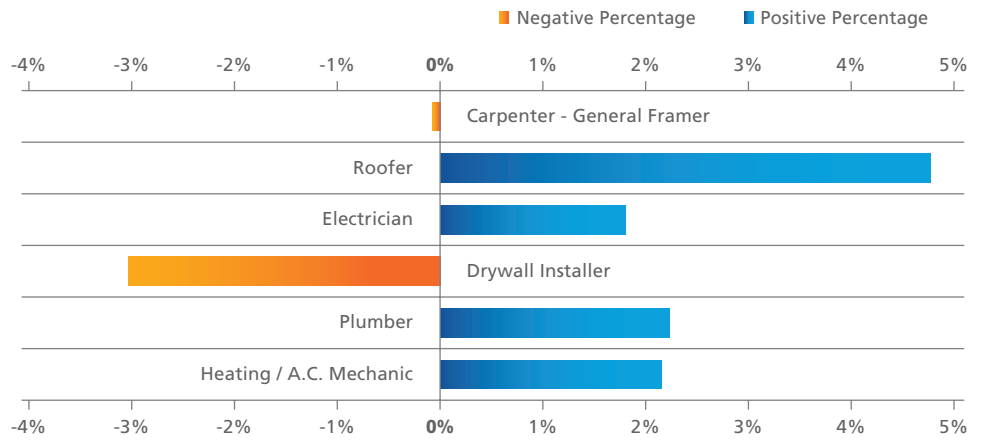


Cost changes for common building materials between April 2011 and April 2012 at the national level. This data is reported by composite, a grouping of materials needed to complete a particular aspect of reconstruction.

Labour Cost Analysis

Over the past 12 months, labour rates at the national level increased 1.25 per cent. Between January 2012 and April 2012, labour rates increased 0.45 per cent.

During that same time period, four of the six major labour trades continued to report increases in rates, with roofer rates climbing the most (4.77 per cent). However, labour rates for drywall installation continued to decrease from the previous quarter, falling 3.03 per cent.



Changes in labour costs for some common trades between April 2011 and April 2012 at the national level. Labour costs include wages, burden, and overhead.

The data compiled in this summary is also available in Xactware’s Industry Trend Reports, an online reporting tool that gives users an overview of market changes from one area to another, along with national and provincial averages. The reports contain information about price trends for roofing materials, drywall materials, and much more. Additional reports give users an idea of the movement for a “basket of goods” that includes items typically used in construction, such as shingles, paint, drywall, concrete, cabinets, and more.

For more information or to subscribe to Xactware’s Industry Trend Reports, visit:
www.xactware.com/solutions/industry-trend-reports/



Xactware is a member of the Verisk Insurance Solutions group at Verisk Analytics.