

360Value



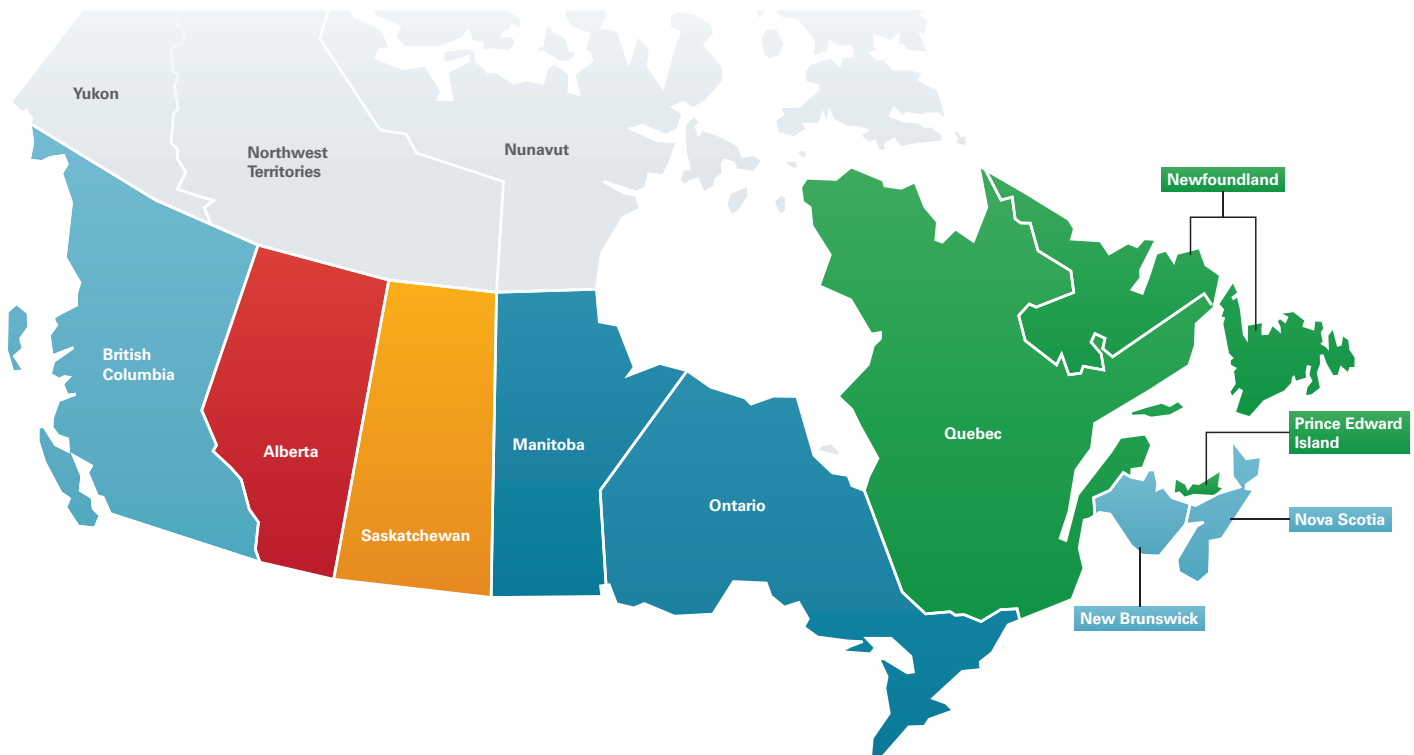
Current, localized, and detailed cost information on reconstruction labour and building materials is essential to create reliable, component-based replacement cost estimates. To supply insurance professionals and underwriters with this valuable information, the underlying reconstruction cost data used 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 quarterly.

This report provides an overview of current reconstruction cost trends at the national and provincial levels. It gives 360Value users a general understanding of reconstruction cost

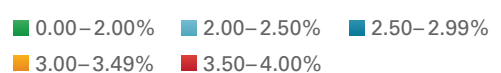
changes and how they may affect replacement cost estimates over the next quarter. The data contained in this report should not be used as the basis for underwriting or renewal decisions, as changes in replacement cost estimates may vary dramatically at the individual property level.



National Overview

In Canada, overall reconstruction costs at the national level increased 2.3 per cent from January 2015 to January 2016, according to Xactware reconstruction cost research. During the past 12 months, all ten Canadian provinces experienced reconstruction cost increases. The largest increase, of 3.5 per cent, was seen in Alberta. During the fourth quarter of 2015, reconstruction costs went up just under 1 per cent.

Legend

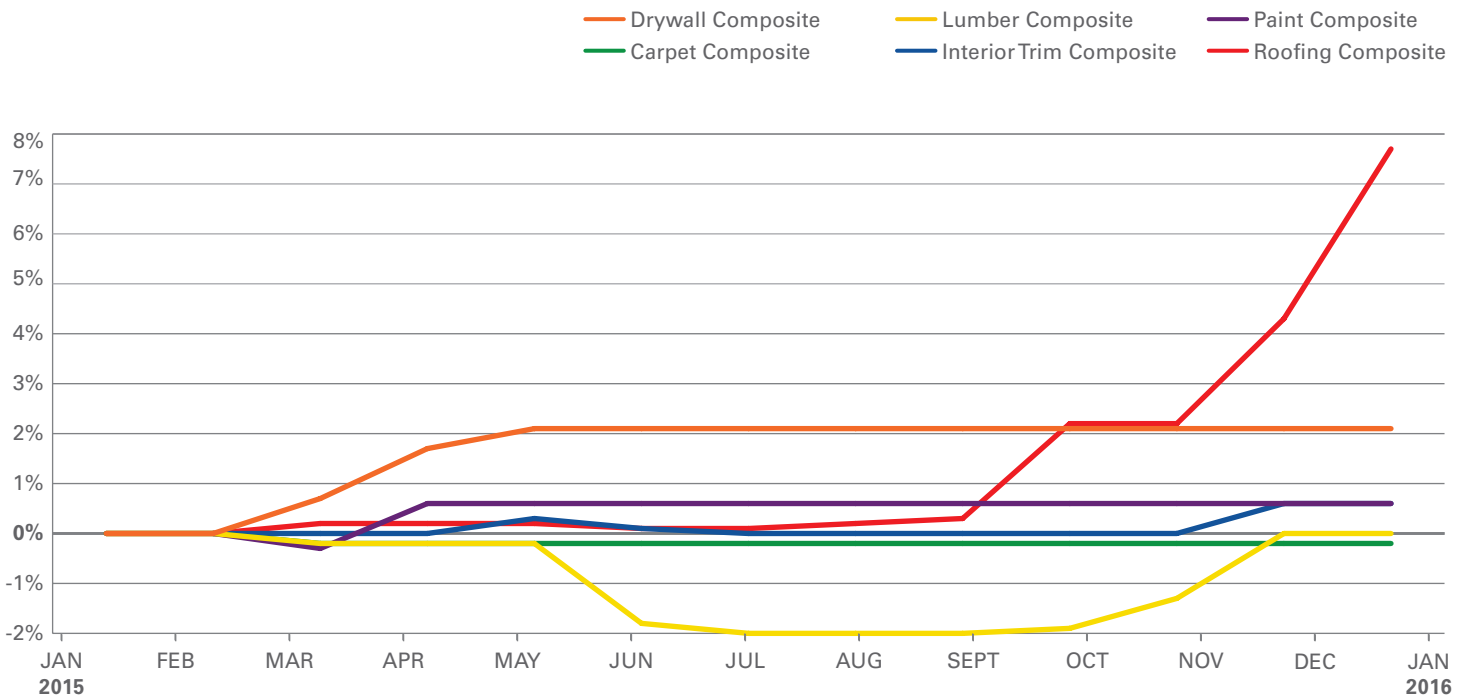
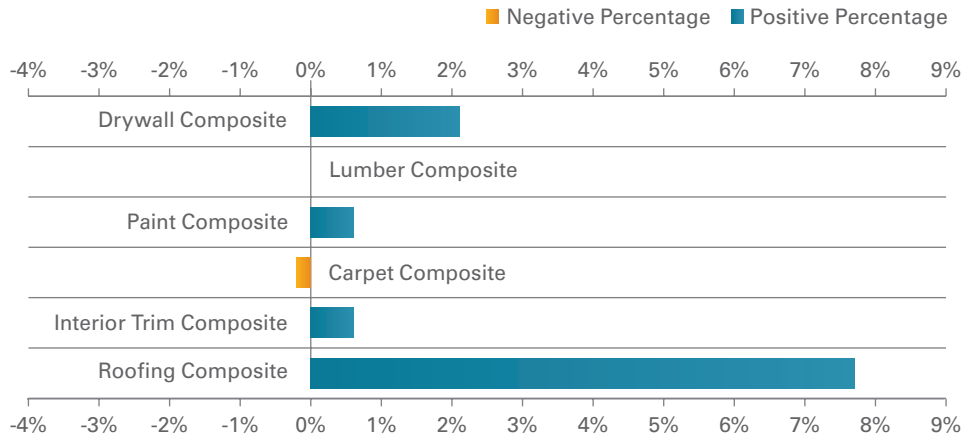


Changes in reconstruction costs by province from January 2015 to January 2016.

Material Cost Analysis

Overall material costs for common repairs increased 1.4 per cent from October 2015 to January 2016. During the past 12 months, overall material costs rose 1.7 per cent.

Xactware identified changes to several material categories during the past year. For example, roofing costs had the most significant growth at 7.7 per cent. Drywall costs increased 2.1 per cent each. However, paint and interior trim both had weak growth in costs, at 0.6 per cent each; lumber costs were virtually unchanged; and carpet costs declined 0.2 per cent.

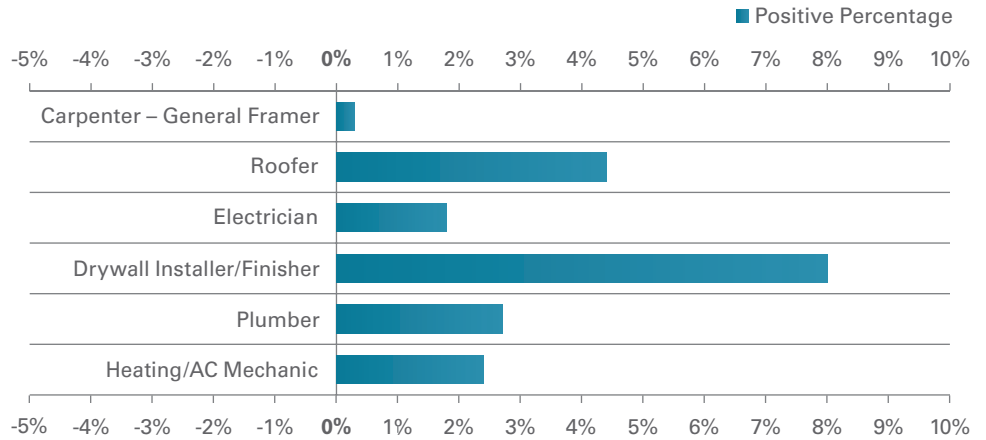


Cost changes for common building materials from January 2015 to January 2016 at the national level. The data is reported by composite, a grouping of materials needed to complete a particular aspect of reconstruction.

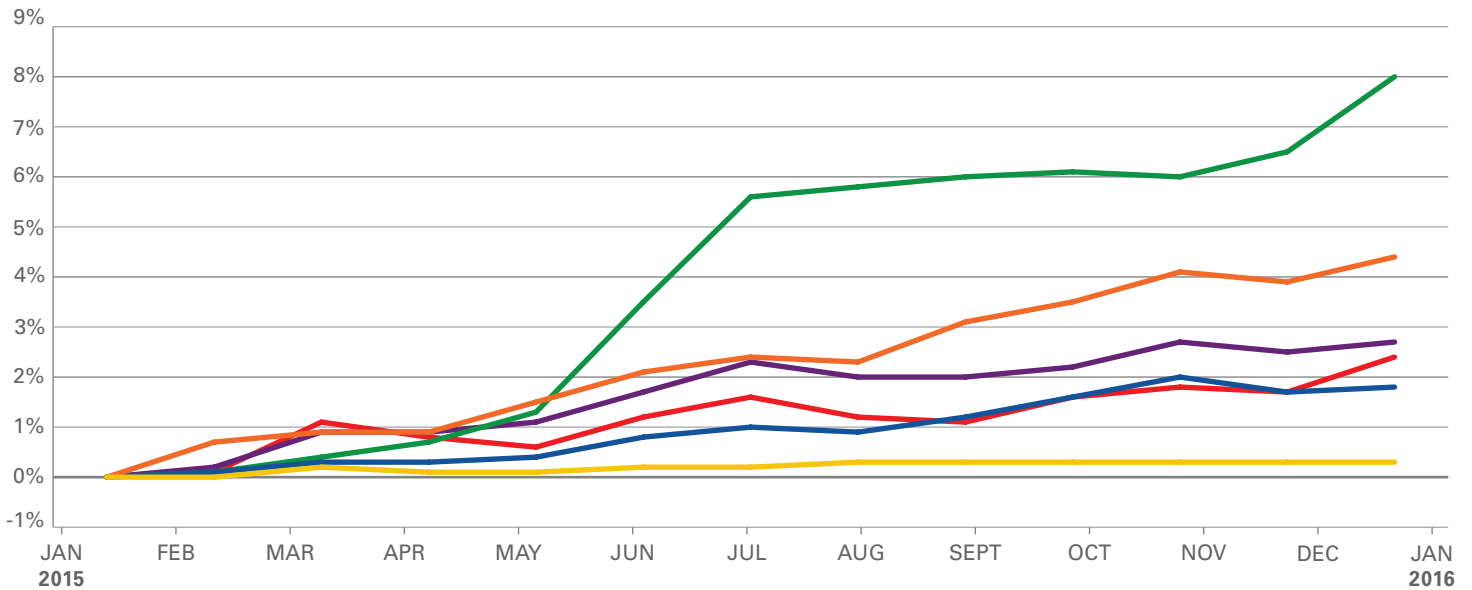
Labour Cost Analysis

From October 2015 to January 2016, labour rates increased only 0.7 per cent. The rate of increase during the past 12 months was 2.2 per cent. From January 2015 to January 2016, all six major labour trades reported increases. Labour rates for drywall installers increased the most (8 per cent).

Rates for roofers rose more than 4 per cent. Rates rose 2.7 percent for plumbers, 2.4 percent for heating/AC mechanics, and 1.8 percent for electricians. The rate of increase for carpenters was lowest at 0.3 per cent.



Legend for line chart:
 Yellow: Carpenter – General Framing
 Orange: Roofer
 Blue: Electrician
 Green: Drywall Installer
 Purple: Plumber
 Red: Heating / AC Mechanic



Changes in labour costs for some common trades from January 2015 to January 2016 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. These 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, and cabinets.

For more information or to subscribe to Xactware’s Industry Trend Reports, visit: <http://www.xactware.com/en-us/solutions/claims-management/industry-trend-reports/>

