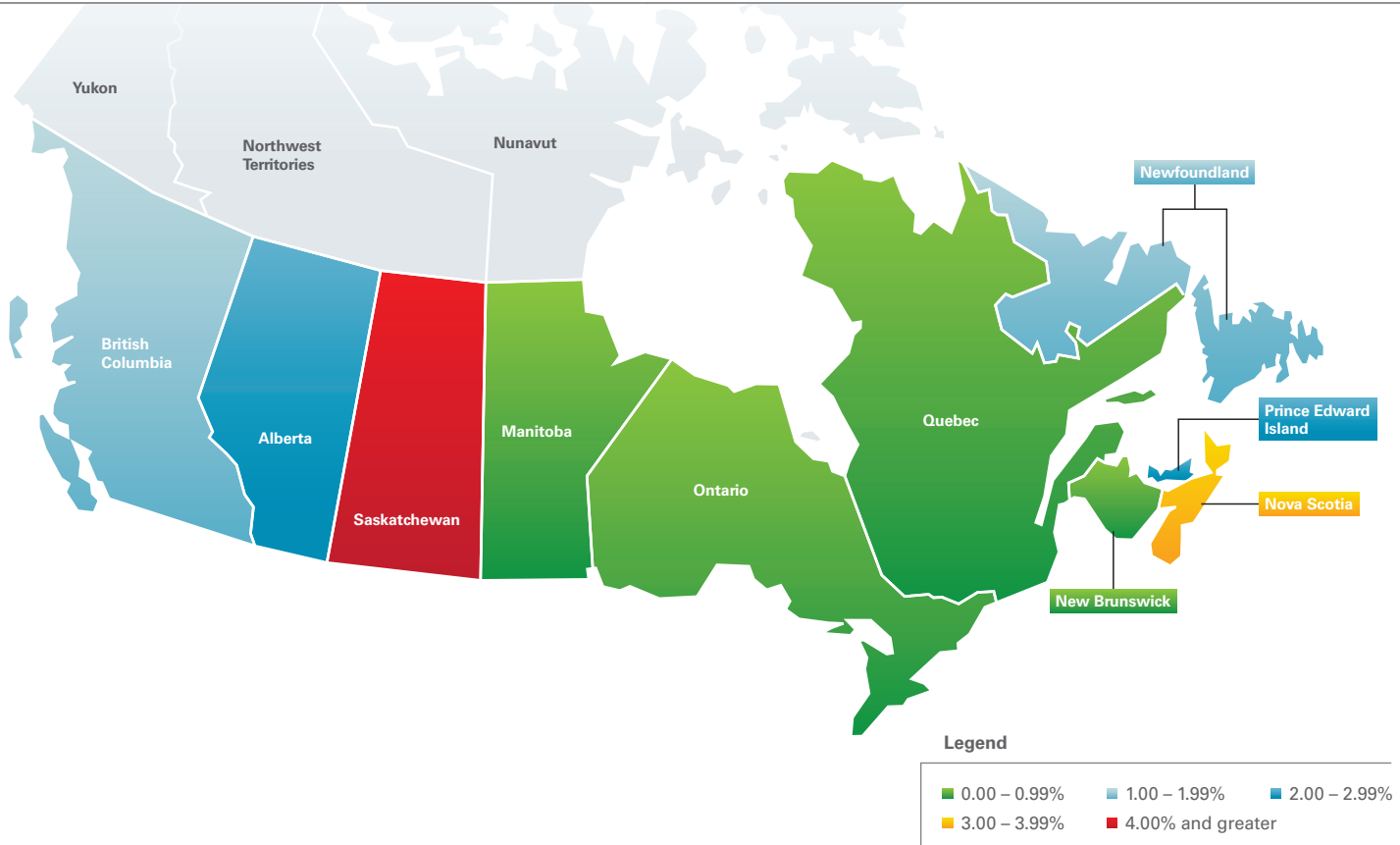




Current, localized, and detailed cost information on reconstruction labour and building materials is essential to create reliable, component-based replacement-cost estimates. To supply insurance professionals and underwriters with this valuable information, the underlying reconstruction cost data used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

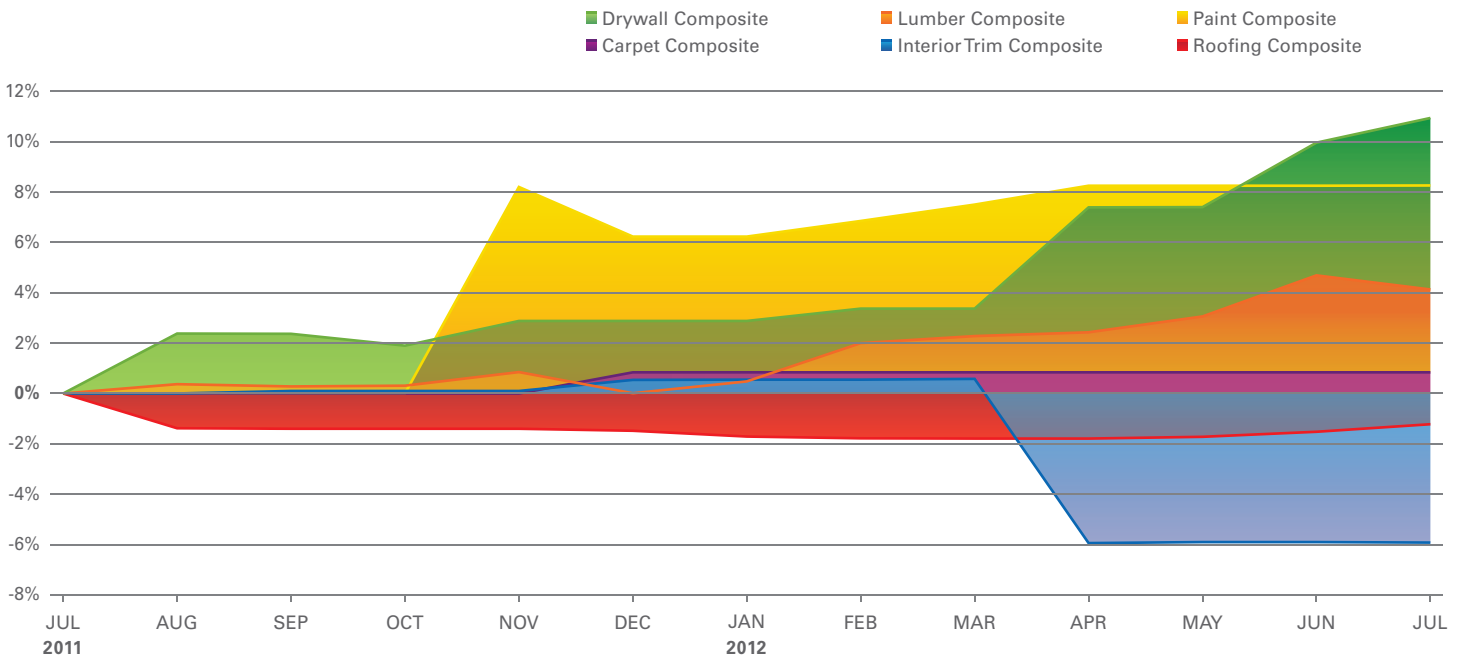
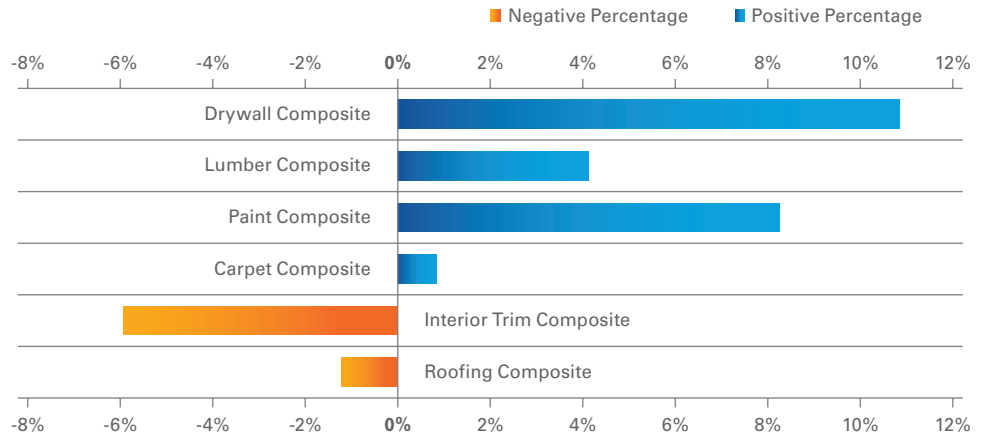
In Canada, overall reconstruction costs at the national level increased 1.71 per cent between April 2012 and July 2012, according to Xactware’s reconstruction cost research. During the past 12 months, overall reconstruction costs increased an average 1.87 per cent.

Over the past 12 months, all ten provinces included in Xactware’s research experienced cost increases, with five provinces reporting increases between 1.00 and 3.00 per cent. Saskatchewan reported the largest increase — 5.88 per cent. Ontario reported the smallest increase — 0.11 per cent.

*Changes in reconstruction costs by province from July 2011 to July 2012.*

Material Cost Analysis

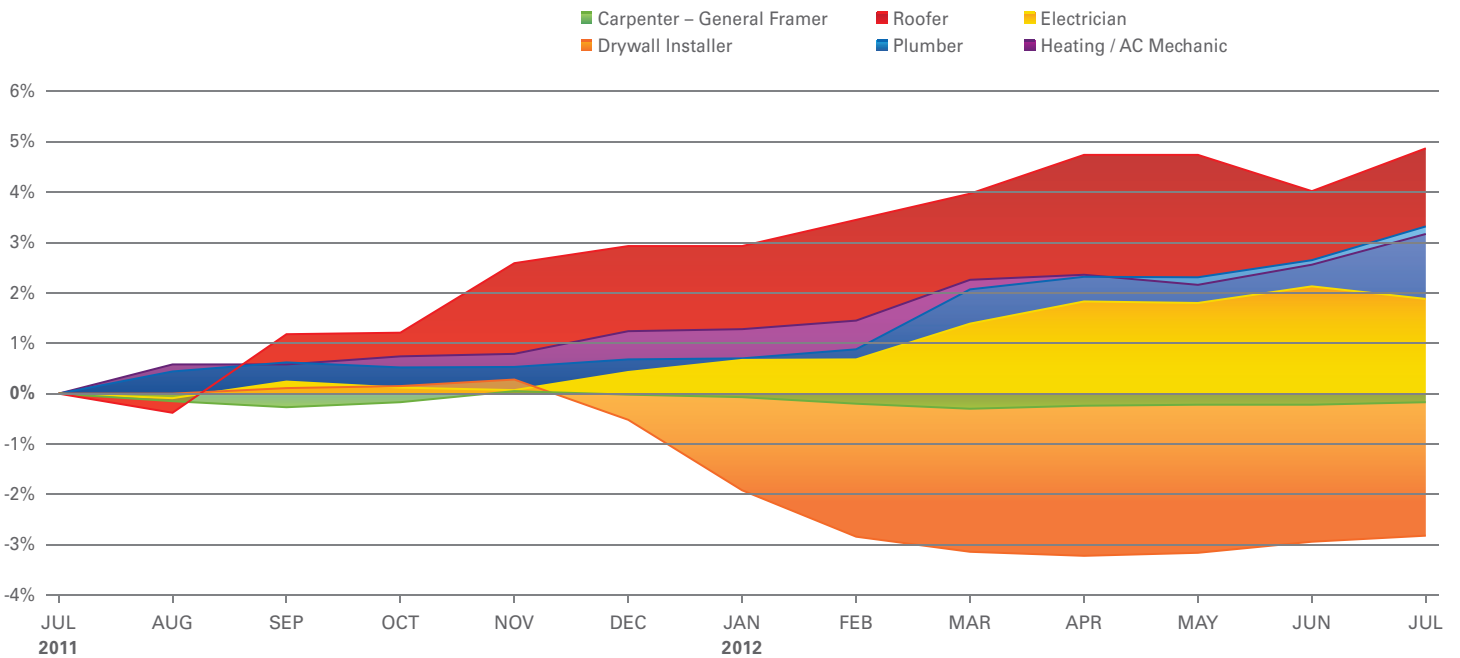
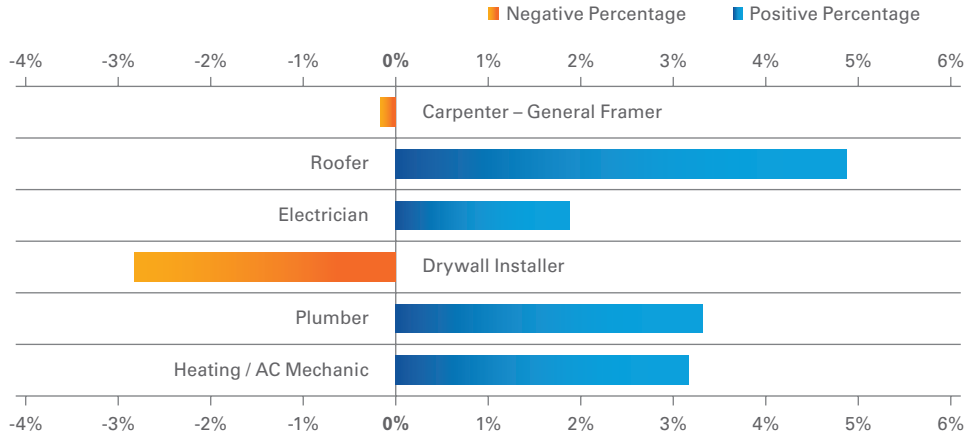
Overall material costs for common repairs increased 0.58 per cent between April 2012 and July 2012. During the past 12 months, overall material costs rose 1.70 per cent, with the cost of paint rising 8.26 per cent and drywall rising 10.94 per cent. The cost of interior trim fell a notable 5.92 per cent.



Cost changes for common building materials between July 2011 and July 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 1.03 per cent. Between April 2012 and July 2012, labour rates increased 0.25 per cent. During that same time period, all six of the major labour trades reported increases in rates. Labour rates for heating/AC mechanics and plumbers rose the most, increasing 0.81 per cent and 1.00 per cent respectively.



Changes in labour costs for some common trades between July 2011 and July 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 state 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, cabinets, and more.

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/>

