Massachusetts Division of Insurance
Annual Home Insurance Report
For Calendar Year 2013

Joseph G. Murphy
Commissioner of Insurance

Acknowledgements

This report was prepared by the State Rating Bureau staff of the Massachusetts Division of Insurance ("Division"). Matthew M. Mancini, State Rating Bureau Director, Gerald B. Condon, State Rating Bureau Researcher, Caleb E. Huntington, State Rating Bureau Mathematician, Daniel M. D'Amico, State Rating Bureau Research Analyst and Bashiru Abubakare, State Rating Bureau Intern, prepared the report and provided the analysis. The report is based primarily on responses from companies and statistical reporting organizations reflecting the experience of companies in the home insurance market. Unless otherwise noted in the report, references to "home insurance" include traditional homeowners insurance as well as condominium and rental insurance.

The Division makes all appropriate efforts to check the completeness and consistency of data reported by insurance companies and their statistical agents, but does rely on the insurance companies for the accuracy of all reported information.

Annual Reports

The Division annually produces a home insurance report pursuant to M.G.L. c. 175, §§ 4A & 4B and has done so since 1996. For the current report, insurers and their statistical agents were required to provide aggregate 2011, 2012 and 2013 data sorted according to Massachusetts zip codes and Insurance Services Office, Inc. ("ISO") territories.

It is important to note that while some of the results in the report apply to all home insurance policies in the entire Commonwealth, other results apply only to policies written by the largest Massachusetts home insurance companies ("top 25"), FAIR Plan and/or only to particular zip codes in the Commonwealth. These particular zip codes are identified as "designated" zip codes because they are the zip codes that the Commissioner of Insurance ("Commissioner") has specified be included in the report. The zip codes include both coastal areas and urban areas where historically some skepticism has been expressed about the availability of coverage. This report provides specific scrutiny in response to such concerns. A list of the top 25 home insurance companies can be found under footnote 11. The full list of designated zip codes can be found in Exhibit 8A of the Statistical Supplement to this report.

Several of the charts in this report show a notable difference in values for calendar year 2011 as compared with 2012 or 2013. In 2011, Massachusetts experienced a cluster of significant tornadoes in its central and western counties as well as Tropical Storm Irene. More on these events can be found in Division's 2012 Home Insurance Report.

Many of the statistical tables that were incorporated in previous versions of this report have been included in a separate Statistical Supplement. The Statistical Supplement can be found on the Division's web site at http://www.mass.gov/ocabr/consumer/insurance/home-insurance/ or is available on request.

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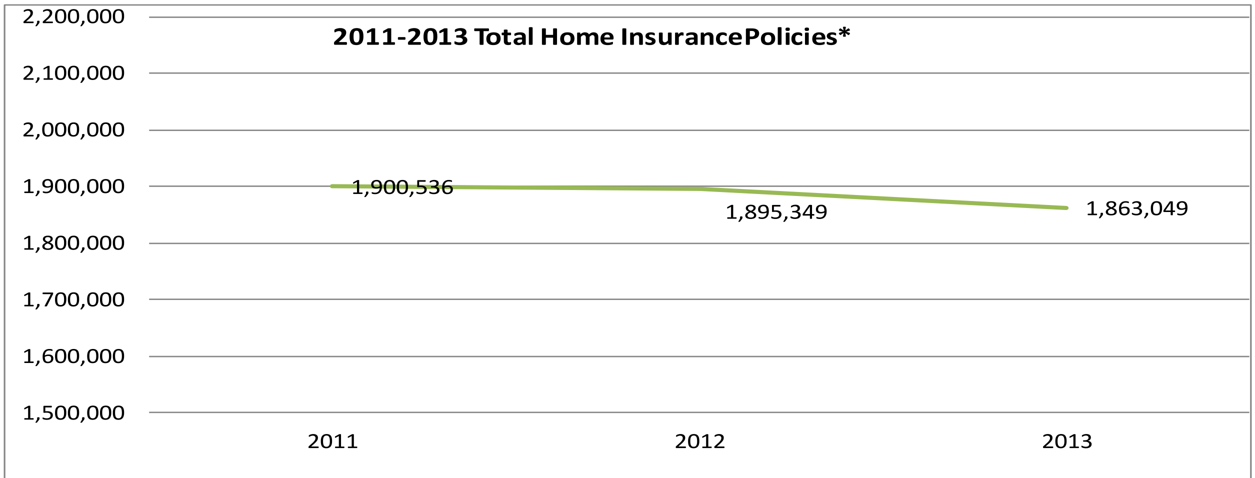
Executive Summary

Among the material presented in this report:

- The total number of home insurance policies decreased by 32,300 or -1.7% between 2012 and 2013, after also decreasing slightly between 2011 and 2012.



*Policies reflect reported house-years. A house-year is defined as one house insured for one year, and is calculated based on the term of the policy.

- Total enrollment in the FAIR Plan[1], increased by 419 policies in 2013, with the FAIR Plan writing 12.1% of 2013 home insurance premium.

- For the Cape and Islands market, the FAIR Plan accounted for 44.3% of policies.

- There were no events that were classified as loss catastrophes in 2013.

[1] The FAIR Plan is the residual market for homeowners insurance operated by the Massachusetts Property Insurance and Underwriting Association ("MPIUA").

Composition of the Massachusetts Market

"Home insurance" covers non-commercial property for the risks of damage to structural and personal property as well as personal liability claims. In 2013, insurance companies collected approximately $2 billion in written premium for home insurance policies in Massachusetts, making it the largest line of property and casualty coverage after private passenger motor vehicle insurance.

Although it may be fiscally prudent to protect one's assets from loss or damage, there are no laws that require property owners to purchase any home insurance.[2] Based on "written house years" - a measure equivalent to average number of homes insured - the total number of households covered under the three major types of home insurance (condominium, traditional homeowners and rental insurance) is illustrated in Figure 1.[3]

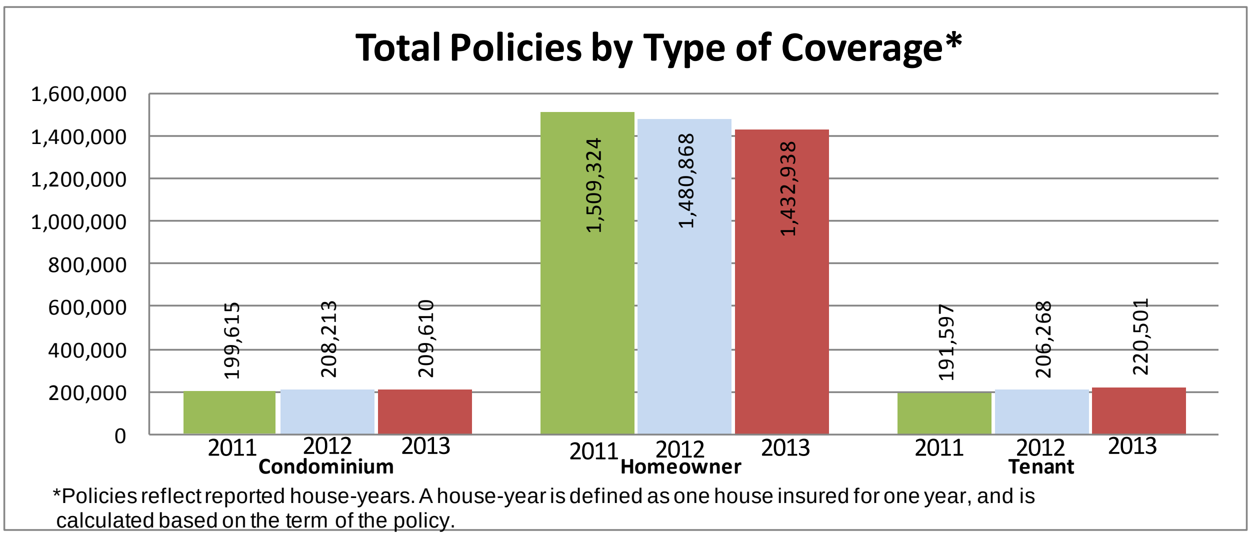


Figure 1

<u>Companies Offering Coverage</u>

Just as an individual may choose whether or not to secure insurance for his/her home, an insurance carrier has the legal right to decide whether to offer, cancel, terminate or renew insurance coverage, provided that the decision adheres to statutory nondiscrimination and

[2] Even though home insurance is not required by law, most lenders will require that an owner have sufficient home insurance as a condition of a mortgage on the property. Recent law changes, effective in November of 2014, prevent certain lenders from requiring flood insurance coverage in an amount greater than the mortgage amount (https://malegislature.gov/Laws/SessionLaws/ Acts/2014/Chapter177).

[3] See footnote 1.

disclosure requirements.[4] There are 76 licensed insurance companies offering home insurance in the Commonwealth.[5]

The FAIR Plan

If no licensed insurance company is willing to issue coverage for a specific home, the owner may apply to the Massachusetts Property Insurance and Underwriting Association ("MPIUA", also known as the "FAIR Plan"), which, by statute,[6] is required to offer coverage to homes with a replacement cost of up to $1.0 million. If an owner cannot obtain a policy from an insurance company and the home's value is beyond what the FAIR Plan will cover, an owner can seek coverage in the surplus lines market.[7]

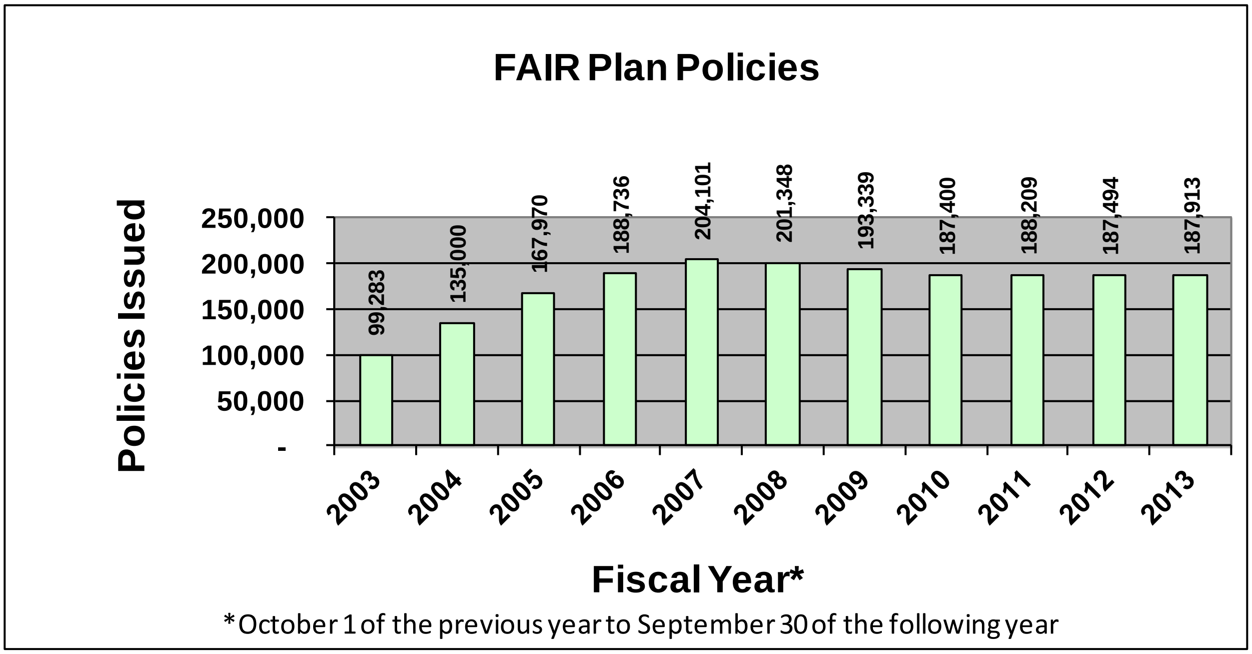


Figure 2

The FAIR Plan's business increased by 419 policies issued between fiscal years[8] 2012 and 2013.

As noted in Figure 3 (below), the FAIR Plan accounted for 12.1% of written premium in 2013. Its market share[9] peaked at 16.1% in 2007.

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4 M.G.L. c. 175, §§ 4C and 99.

5 The Companies are listed only if they have written ten or more HO-3 or similar type policies between July 1, 2013 and December 31, 2013. A list of companies offering homeowners insurance by region in Massachusetts is on the Division's website at: http://www.mass.gov/ocabr/insurance/home-insurance/home-insurance-service-areas/.

6 According to M.G.L. c. 175C, §4(4a), all home insurance companies licensed to and engaged in writing property insurance in the Commonwealth must be members of a joint underwriting association which shall provide basic property insurance to eligible applicants who are otherwise unable to obtain such coverage in the voluntary market.

7 Surplus lines companies are insurers which are not "licensed" or "admitted" in Massachusetts although they are "licensed" in another state (or country). Such insurers may issue coverage only through specially licensed surplus lines brokers. This document does not include statistical information on the surplus lines market.

8 The FAIR Plan's fiscal year is between October 1st of one year and September 30th of the following year, as reported by the FAIR Plan, for owner, condominium and tenant policies issued.

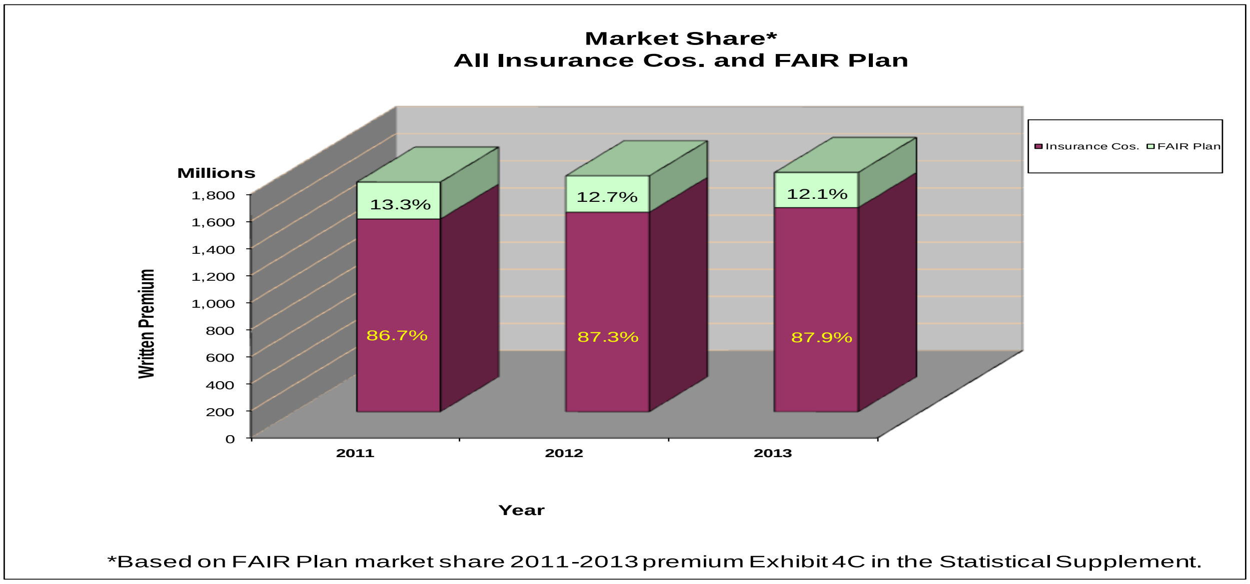


Figure 3

As noted in Figure 4, the FAIR Plan's market share, at 12.1% (based on premium volume[10]), is slightly greater than that of the market share of the largest commercial carrier.

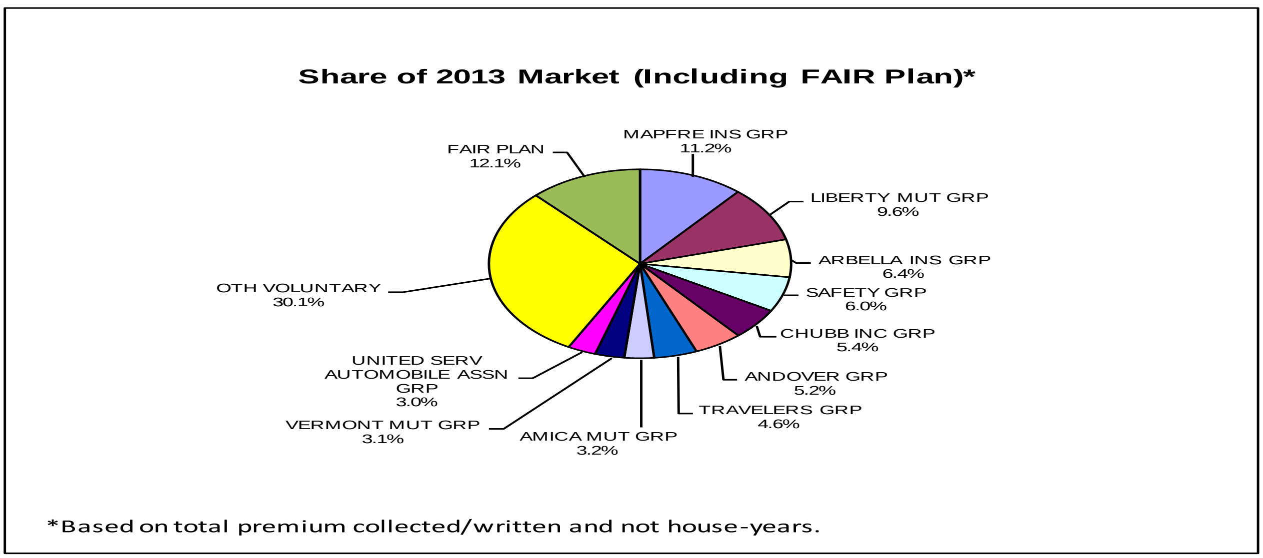


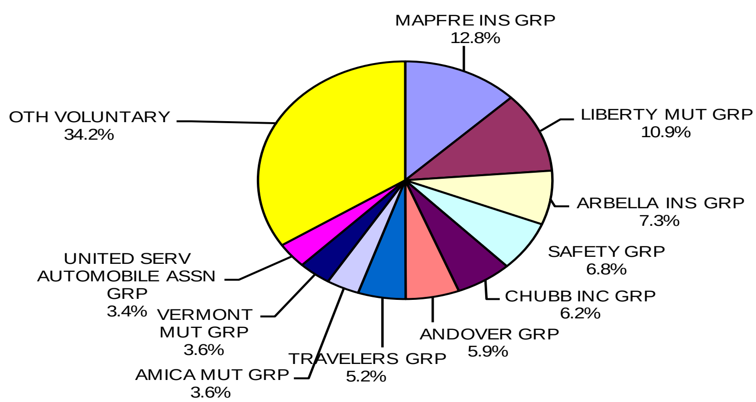
Figure 4

[9] FAIR Plan market share is based upon FAIR Plan and total market written premium.
[10] Market shares are based on 2013 Massachusetts home insurance written premium.

Relative Shares of the Private Insurance Market

When excluding the FAIR Plan, Figure 5 illustrates that the top 10 insurance companies account for 65.8% of coverage written by the private insurance companies in the market.

Share of 2013 Market (not Including FAIR Plan)*



*Based on total premium collected/written and not house-years.

Figure 5

Unlike other states, the vast majority of insurance companies that offer coverage in Massachusetts are local or regional companies. Among the top 10 home insurance companies in the market, only five – the Travelers Group, the Liberty Mutual Group, Chubb & Son Group, Inc., the Amica Mutual Group and United Services Automobile Association Group – offer home insurance nationally. The remaining companies are regional companies offering coverage primarily in the Northeast.

The Mapfre Insurance Group (which is the parent company of Commerce Insurance Company) had the largest share of the 2013 voluntary (i.e., non-FAIR Plan) market with 12.8% of the insurance policies written. Each of the next nine largest insurance groups had between 3.4% and 10.9% of the voluntary market. If the analysis is extended to the 25 insurance companies with the largest Massachusetts home insurance market share,[11] they are responsible for 92.2% of the non-MPIUA insurance market. Each of the remaining 51 company groups[12] accounts for less than 1.0% of the non-MPIUA market.

Changes in Coverage

As reflected in Figure 6, the number of total home policies written by insurance companies or the FAIR Plan decreased between 2012 and 2013 by 32,300 or 1.7%.

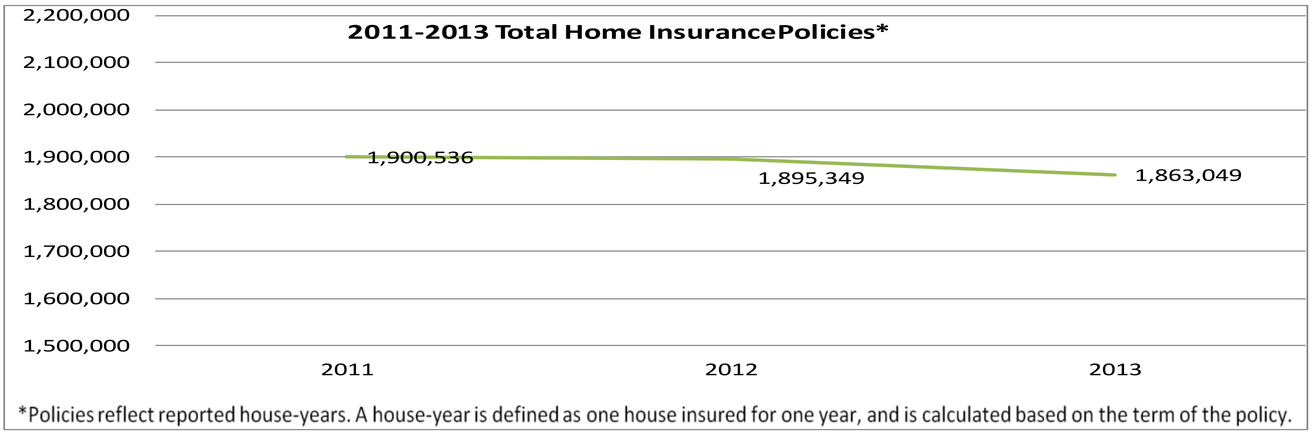


Figure 6

[11] The top 25 Massachusetts home insurers based upon overall direct written premiums for calendar year 2013 are:

Allianz Insurance Group	New London County Group
American International Insurance Group	Norfolk & Dedham Group
Amica Mutual Group	Plymouth Rock Insurance Group
Andover Group	Preferred Mutual Insurance Company
Arbella Insurance Group	Providence Group
Barnstable Group	Quincy Mutual Group
Chubb & Son Group Inc. Group	Safety Group
(The) Hanover Insurance Group	Tower Group
Liberty Mutual Group	Travelers Group
Main Street American Group	Union Mutual Fire Insurance Group
Mapfre Insurance Group	United Services Automobile Association Group
Metropolitan Group	Vermont Mutual Group
NBIC Holdings Group	

[12] Based on 2013 data reported by the National Association of Insurance Commissioners home insurance multiple peril direct written premium by company group. Company groups often have more than one licensed insurer writing home insurance.

Coverage by Geography

Comparing the state by county,[13] as in Figure 7, Middlesex County, which had the largest population,[14] also had the highest number of home insurance policies in-force, 425,279. After Middlesex County, the next three largest counties for home insurance are Worcester (226,646), Norfolk (204,963) and Essex (198,391).

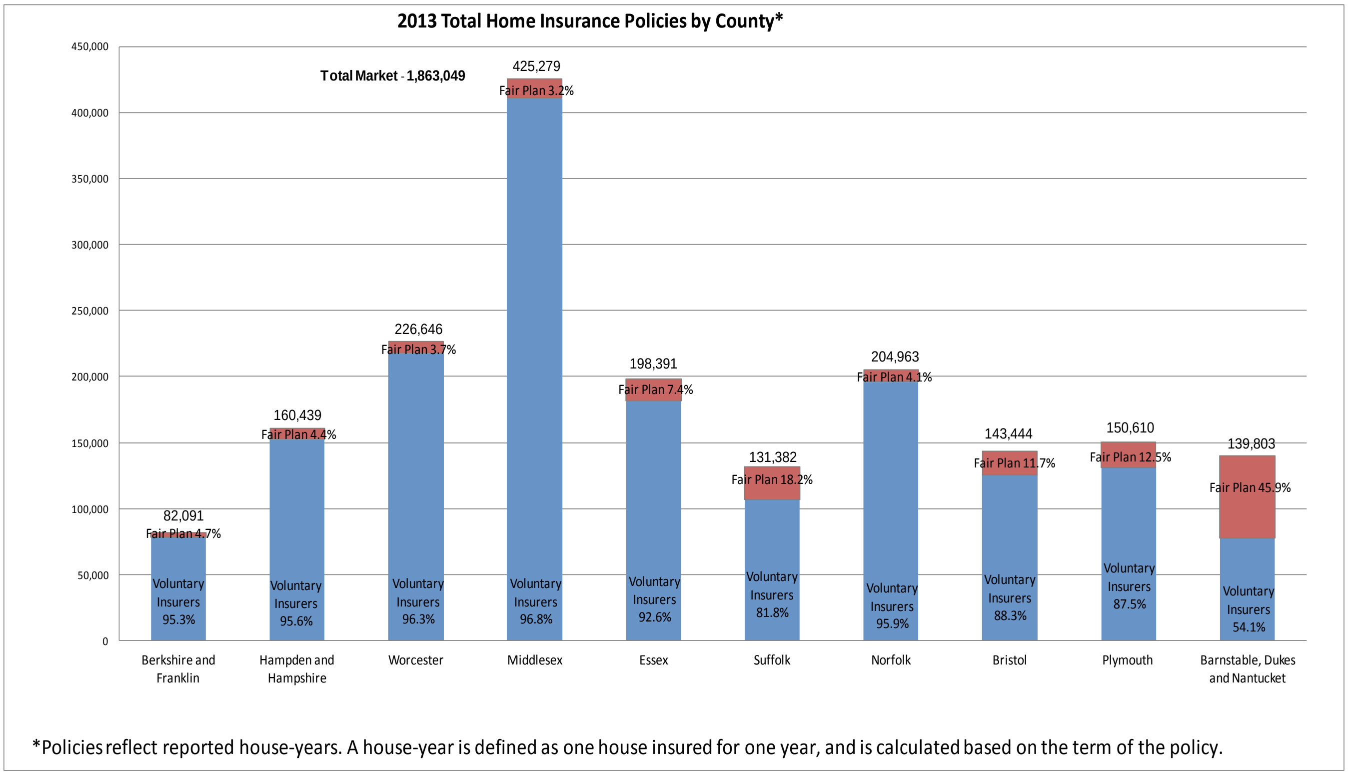


Figure 7

The proportion of FAIR Plan policies written by area varies greatly. While the FAIR Plan writes 44.3% of the home insurance for the Cape and Islands (comprising Barnstable, Dukes and

[13] For the purpose of reporting information by county, certain Information Services Office (ISO) statistical reporting territories were combined in the following ways:
Berkshire and Franklin Counties include ISO territory 50.
Hampden and Hampshire Counties include ISO territories 47, 48 and 49; and
Worcester County includes ISO territories 45 and 46;
Middlesex County includes ISO territories 41, 42, 43 and 44;
Essex County includes ISO territories 38, 39 and 40;
Suffolk County (including the City of Boston) includes ISO territories 2, 3, 4, 5 and 11;
Norfolk County includes ISO territories 12, 30, and 31;
Bristol County includes ISO territories 32, 33 and 34;
Plymouth County includes ISO territories 35 and 36;
Barnstable, Dukes and Nantucket Counties include ISO territory 37;
Detailed information for each territory is included in the Statistical Supplement to this report.

[14] Source: Annual Estimates of the Resident Population for Counties of Massachusetts: April 1, 2010 to July 1, 2012, Population Division, U.S. Census Bureau. Release Date: March 2013.

Nantucket counties) and 18.7% of the home insurance in Suffolk County, it writes less than 13% of the policies in each of the other counties in the state.

When comparing home insurance between 2012 and 2013, as presented in Figure 8, the number of home insurance policies remained fairly similar in most territories.

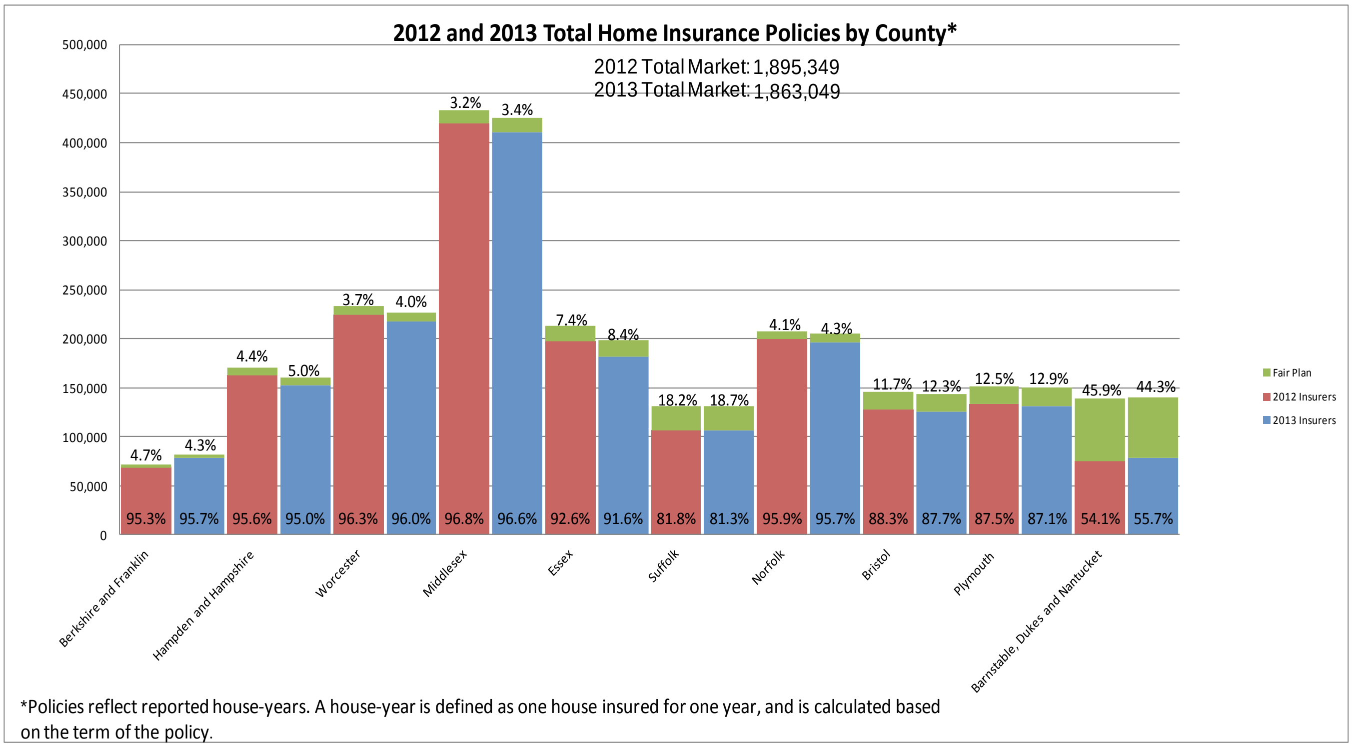


Figure 8

Impact of Private Passenger Automobile Insurance Reforms on Home Insurance

Many property and casualty insurance companies actively participate in insurance markets when they can offer a wide array of their products to customers. In personal lines insurance markets, many companies will only actively market home insurance when they are also marketing private passenger automobile coverage to applicants. During hearings held in the mid-2000s, certain large national companies indicated that they were not interested in expanding their home insurance coverage in Massachusetts because they believed they could not operate within the rules then in place for the private passenger auto insurance market.

Prior to April 1, 2008, Massachusetts private passenger automobile insurance companies operated in a highly regulated market subject to "fix-and-establish" rules. After a series of steps taken by then - Commissioner Nonnie S. Burnes in 2007, and following annual regulatory hearings in 2008, the rules affecting private passenger coverage were rewritten to permit "managed competition." For the first time in over 30 years, insurance companies were permitted to offer their own coverage options and rates according to transition rules. Beginning on April 1, 2008, companies began to actively compete for business in the new Massachusetts market.

As of the printing of this report, 15 insurance companies have entered the Massachusetts' private passenger motor vehicle insurance market since reform. Some of these offer home insurance or are affiliated with home insurance companies. It is expected that these and other companies will look to expand their writing of home insurance in order to increase the marketability of their private passenger coverage.

In addition to the arrival of new companies, since market reform many insurance companies which were already writing personal lines have begun offering expanded multi-policy premium discounts to insureds who buy both their home insurance[15] and automobile insurance coverage from the same company. In order to understand the effect that the changes to private passenger coverage may have had on the home insurance market, the top 25 home insurance companies were asked to report the level of home insurance premium credits provided in 2012[16] and 2013 for those policyholders who also had motor vehicle coverage with the same or an affiliated insurer.[17]

[15] Owner, condominium and tenant policies that combine liability insurance with one or more other types of insurance such as property damage, personal property damage, medical payments, and additional living expense.
[16] A number of companies have corrected or updated their 2012 data affecting 2013 totals reported.
[17] This report does not include the level of expanded premium discounts that are provided on private passenger automobile policies for those persons who also have home insurance with the same company. The Division is aware that many private passenger automobile companies did file such premium discounts with their private passenger automobile rate filings.

As illustrated in Figure 9, insurers reported that premium credits on home insurance coverage for those with a related auto insurance policy increased from $52.1 million in 2012 to $55.0 million in 2013.

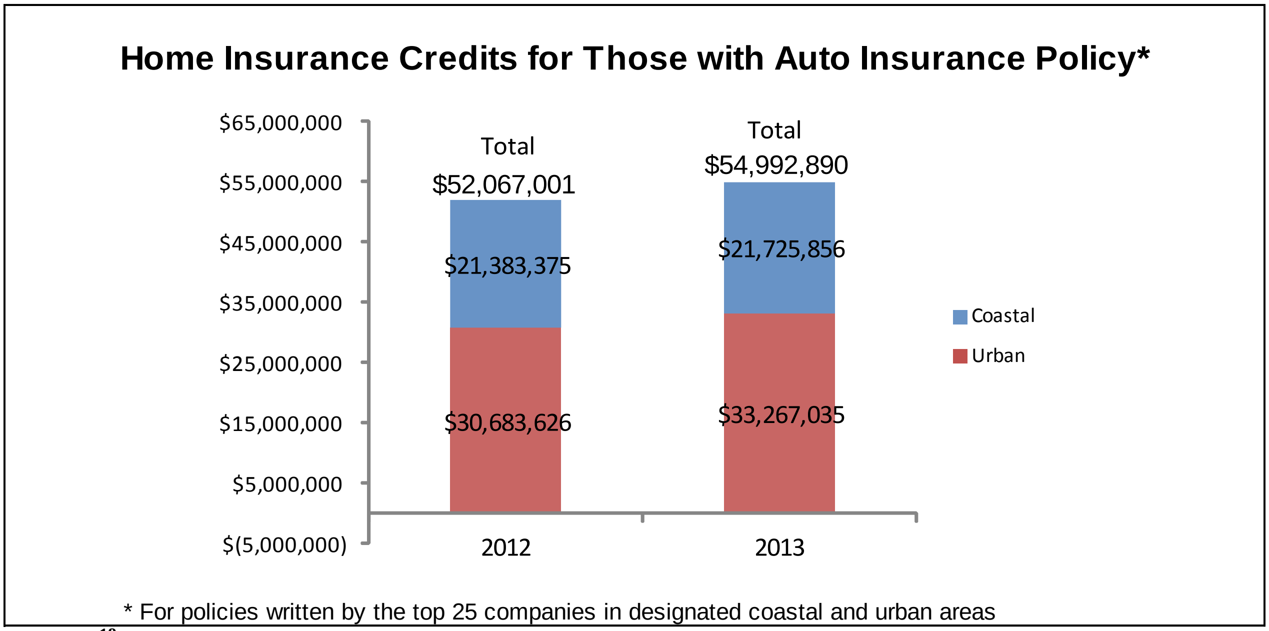


Figure 9[18]

When looking at the number of policies affected, as illustrated in figure 10 (over), 4,456 more home insurance policies in urban areas obtained premium credits for related automobile insurance coverage in 2013 than in 2012. Overall, 795 more home insurance policies obtained premium credits in 2013 than in 2012 because they had related private passenger coverage.

[18] For a complete listing of the zip codes, please refer to Exhibit 8A in the Statistical Supplement.

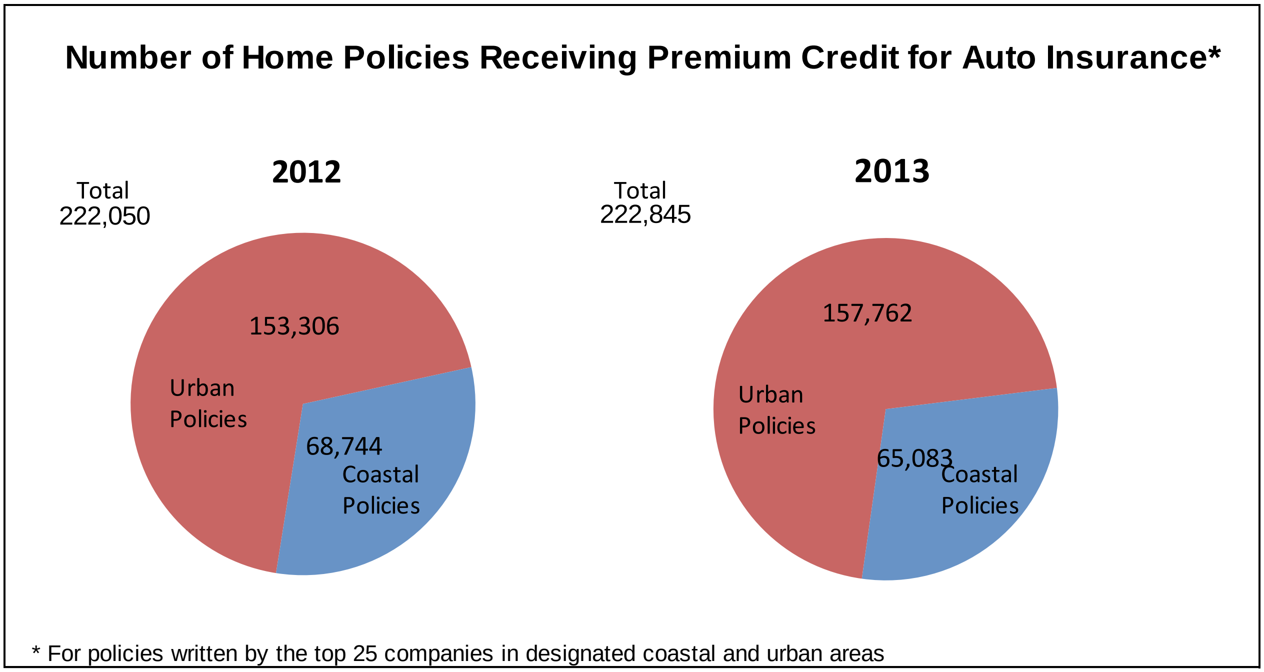


Figure 10

The overall average credit increased from $234 per policy in 2012 to $247 per policy in 2013.

As illustrated in Figure 11, the average percentage level of premium credit per policy increased between 2012 and 2013 in urban areas from 16.0% to 16.2% of the average policy premium, and increased in coastal areas from 16.4% to 17.3%.

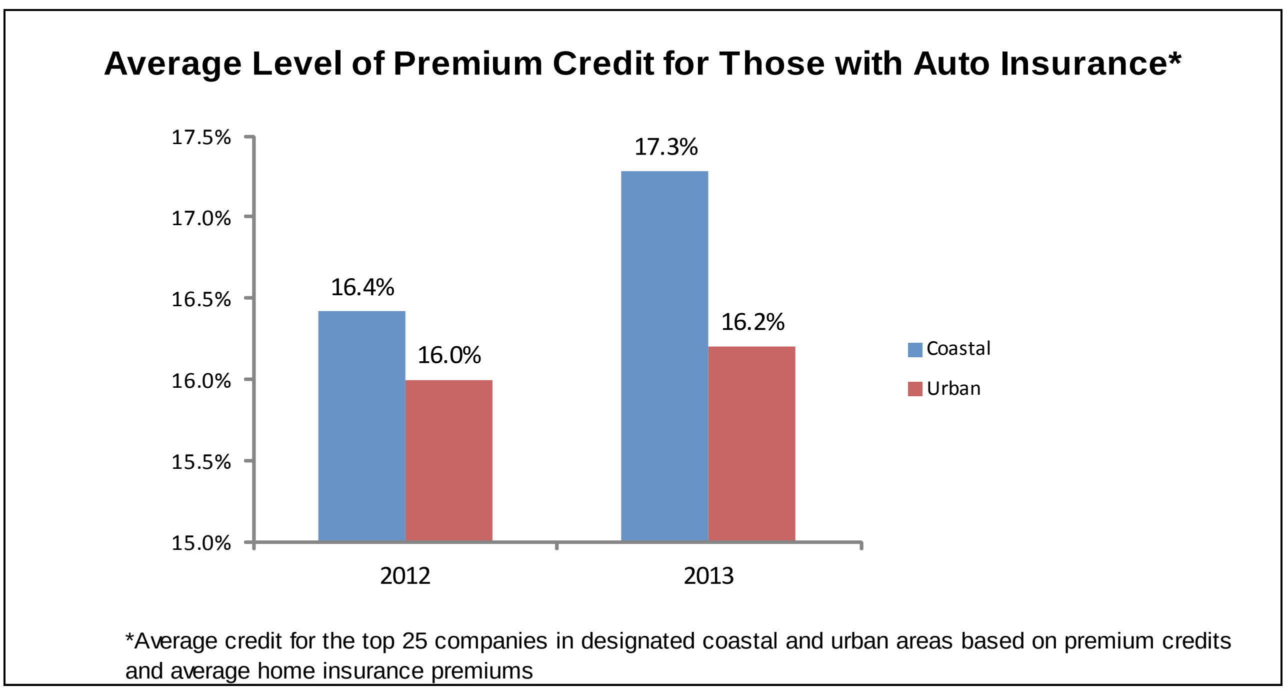


Figure 11

Limitations on Coverage

Wind Deductibles

In order to reduce their risk, many home insurance companies have amended their standard policies to include mandatory wind deductibles.[19] These deductibles may apply to any wind-related damage that occurs in specified coastal territories, typically located in Bristol, Plymouth, Barnstable, Dukes and Nantucket counties or within a certain distance from the shore. These deductibles are imposed either as flat dollar amounts or as a percentage of the covered dwelling amount.[20] Although the Division has required that consumers be given clear disclosures of the deductibles before they purchase coverage, it remains unclear whether consumers understand the potentially large sums they may be responsible for paying in the event of a wind-related loss.

According to information submitted to the Division from the FAIR Plan and the top 25 companies in the market, all but two companies reported that they have mandatory wind deductibles that are part of the coverage they offer in the market, with deductibles as high as 5% of the coverage for the main structure.[21] The largest wind deductibles are being imposed in the coastal parts of Bristol, Plymouth, Barnstable, Dukes and Nantucket counties.

Of all policyholders living in a coastal or urban area who are covered by the FAIR Plan or the top 25 home insurance companies, 43.8% had a mandatory wind deductible on their coverage in 2013. In coastal areas, 71.9% had a mandatory wind deductible. In urban areas, 25.3% had a mandatory wind deductible.

Beginning in 2006, the Division encouraged insurance companies to allow consumers to reduce or eliminate their wind deductibles by taking steps to mitigate the potential exposure of their property in the event of a wind event. Drawing upon the experience of other states, most notably Florida, the Division encouraged companies to credit policyholders who installed hurricane shutters or shatterproof glass, hurricane-proof garage, patio, and other doors and/or roof/foundation anchor bolts. The Division has worked with many carriers to establish clear rules for mitigation programs and to establish ways to document that mitigation steps have been taken.

[19] A wind deductible is a deductible that applies only to losses caused by wind.

[20] The FAIR Plan, for example, currently requires certain insureds to have a minimum wind percentage deductible of 1% to 5% (of the coverage amount for the dwelling and attached structures) or a minimum fixed dollar deductible of up to $5,000, depending on the property's county, distance from the coast and coverage.

[21] Additional detailed information is included in the Statistical Supplement to this report.

Flood Exclusions

In the United States, home insurance policies do not cover damage associated with floods.[22] Recognizing this lack of protection, Congress enacted legislation in 1968 to create the National Flood Insurance Program (NFIP), which is administered by the Federal Emergency Management Agency (FEMA). Under the program, the government plays the role of underwriter - assuming financial risk for damages - and relies on private insurance agents to sell policies.

Flood insurance is mandatory only for those homes which have been identified by FEMA mapping as located in high-risk flood areas and which are mortgaged through a federally-backed lender. However, the NFIP makes flood coverage available for all property holders as long as the property is located in an approved NFIP community. The property does not need to be in a flood plain to qualify for coverage.

Prior to the current re-mapping of flood zones in Massachusetts, FEMA had estimated that more than 11 million U.S. homes are in flood zones and that about one-fourth of the homes located in Special Flood Hazard Areas (SFHA)[23] are covered by NFIP-issued or NFIP-backed flood insurance. The proportion of property with flood coverage was believed to be low because many people underestimate the risk of flooding.

As presented in Figure 12, FEMA reports that 57,275 policyholders in Massachusetts had flood insurance in 2013; this is a decrease of 4.0% from the 59,635 reported for 2012[24].

[22] Automobile insurance policies usually do cover flood damage to a motor vehicle.
[23] There are two types of Special Flood Hazard Areas: (1) a V-zone or coastal high hazard area including "the inland limit of a primary frontal dune along an open coast and any other area subject to high velocity wave action from storms or seismic sources" and (2) an A-zone area that is expected to be flooded once every 100 years.
[24] FEMA has updated the 2012 policy counts used in last year's report.

Federal Emergency Management Agency (FEMA)
National Flood Insurance Program Report
MASSACHUSETTS*

County	V-Zone Policies	A-Zone Policies	Other Policies	2013 Total Policies	2012 Total Policies	Total Premium	Total Coverage
Berkshire & Franklin	0	827	471	1,298	1,398	$3,192,682	$248,258,800
Hampden & Hampshire	0	996	809	1,805	1,747	$2,220,616	$397,081,000
Worcester	0	1,136	819	1,955	2,098	$2,713,670	$476,028,300
Middlesex	0	3,843	3,228	7,071	7,522	$7,387,297	$1,822,592,300
Essex	326	4,454	3,432	8,212	8,742	$9,522,173	$2,021,332,000
Suffolk	16	3,171	1,094	4,281	4,198	$4,928,895	$985,168,100
Norfolk	53	3,646	2,116	5,815	6,509	$6,367,760	$1,449,730,800
Bristol	360	2,358	1,326	4,044	4,101	$5,747,468	$944,195,200
Plymouth	798	6,567	3,027	10,392	10,748	$16,088,056	$2,550,112,100
Barnstable, Dukes & Nantucket	816	6,259	5,327	12,402	12,572	$18,326,888	$3,277,886,900
State Total :	**2,369**	**33,257**	**21,649**	**57,275**	**59,635**	**$76,495,505**	**$14,172,385,500**

Figure 12

*Data is based on information received from the Federal Emergency Management Agency as 04/2013 for 2012 policies and as of 06/2014 for 2013 policies.
Flood insurance is required for insurable structures within high-risk areas to protect Federal financial investments and assistance used for acquisition and/or construction purposes within communities participating in the National Flood Insurance Program.
V-Zone Policies - policies, in primarily coastal flood hazard areas (high risk), that have a one percent chance in any given year to be flooded.
A-Zone Policies - policies, in primarily flood hazard areas (high risk), that have a one percent chance in any given year to be flooded.
Other Policies - policies outside V and A Zones, including those held by owners who have received disaster assistance and are now required to purchase policies and those owners who have purchased optional flood insurance policies (preferred risk policies).

The NFIP continually updates statistics on national purchases of flood insurance, and periodically produces special reports on the matter. While more recent figures are not available, in 2004 only 28.0% of homes inside SFHAs and just 0.6% of homes outside of SFHAs purchased flood insurance.[25] According to that report, Massachusetts was the nation's 13th most populous state in 2004, but ranked 18th in the number of policies in place through the NFIP.

Although the Division issued Bulletin 2006-05 to remind insurers and insurance producers to offer flood insurance to all state residents, the Division estimates the number of Massachusetts homes with flood insurance continues to be relatively low for 2013. Barnstable County - with 8.9% NFIP coverage – was the only county where more than 8% of the homes were covered by flood insurance in 2013 (see Figure 13).

[25] The National Flood Insurance Program's Market Penetration Rate: Estimates and Policy Implications, RAND Corporation, Lloyd Dixon, Noreen Clancy, Seth A. Seabury, Adrian Overton, February 2006.

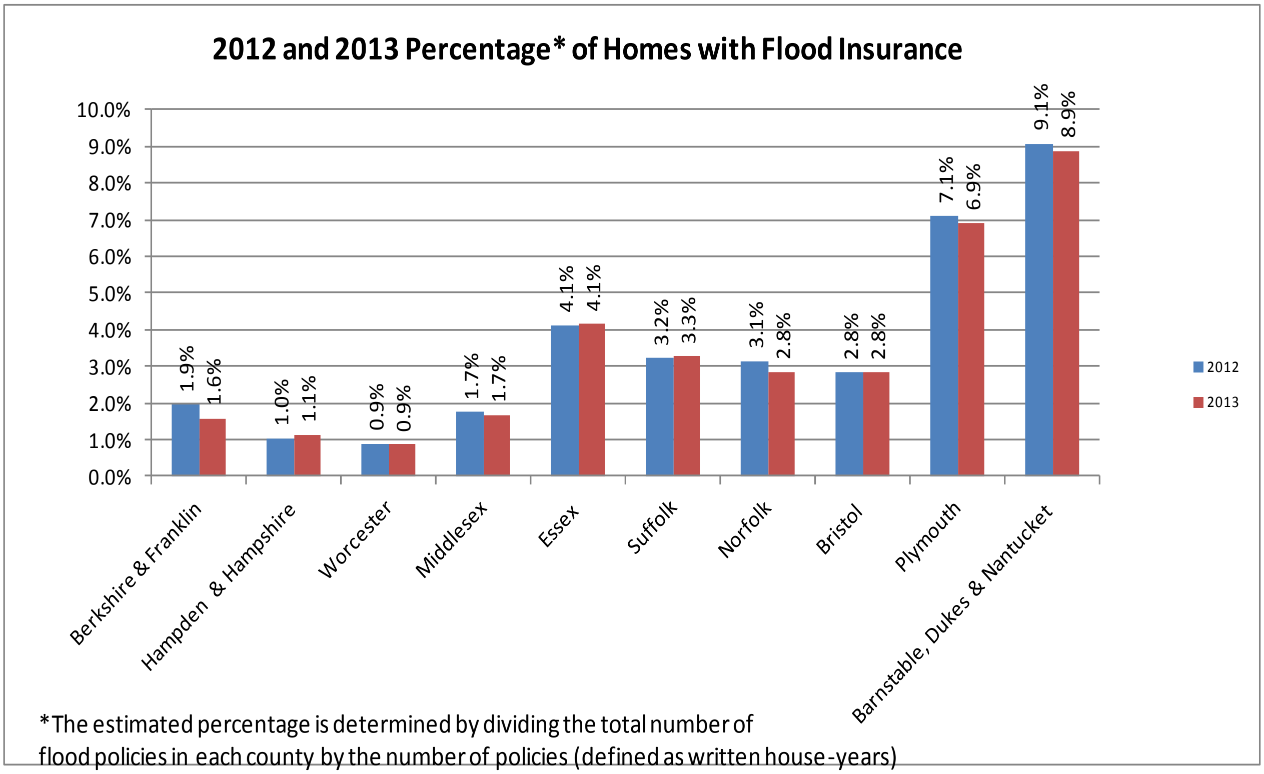


Figure 13

Changes to National Flood Insurance Program

In July 2012, reflecting the experiences following Hurricane Katrina and Super Storm Sandy, the U.S. Congress passed the Biggert-Waters Flood Insurance Reform Act of 2012 (Biggert-Waters) to require the NFIP to develop procedures which will ensure its long-term actuarial soundness. Among the key provisions, the NFIP was required to make the program more financially stable by increasing flood insurance premiums to reflect true flood risk and updating the Flood Insurance Rate Map (FIRM). In 2013, many homeowners, particularly in coastal communities, were required to buy flood insurance for the first time or pay a significantly higher premium on their existing flood insurance policies due to changes implemented since Biggert-Waters.

Changes to Massachusetts Law With Regard to Flood Insurance

In 2013, the Massachusetts legislature enacted a law limiting the amount of flood insurance which could be required of consumers whose loans are held by state-regulated banks. Chapter 177 of the Acts of 2014 specifies that such residential property owners may only be required to purchase flood insurance in the amount of their mortgage or home equity loan balance, and that the amount of such insurance must be based on the value of the structure only and not the building's contents.

Financial Results

Premiums

In 2013, Massachusetts insureds paid approximately $2.0 billion in home insurance premiums, 5.5% more than was reported for 2012. Of the total premium, 93.0% was for traditional homeowners insurance. Between 2012 and 2013, traditional homeowners insurance premiums increased by approximately $97 million.

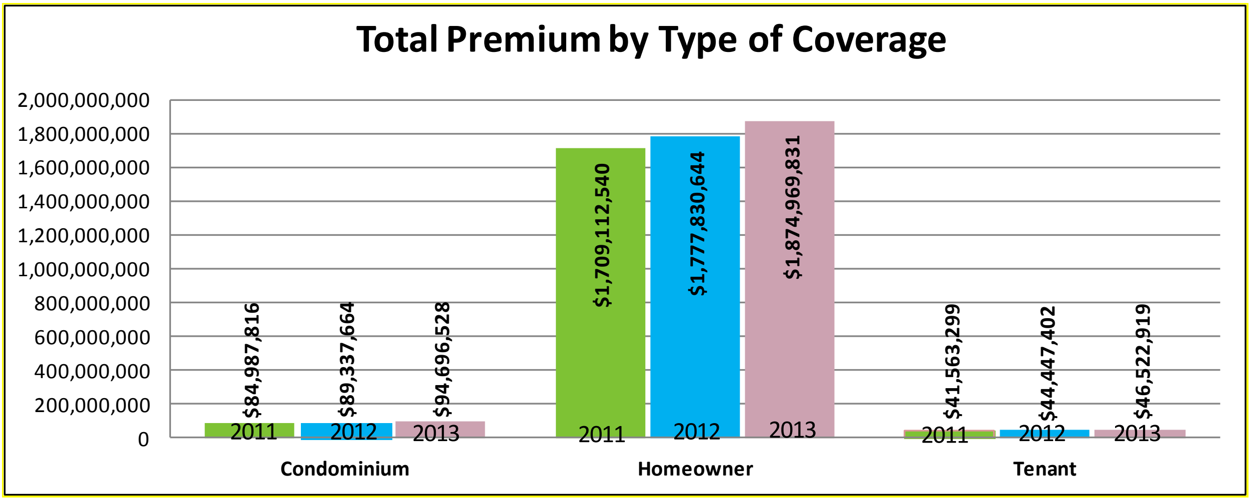


Figure 16

Average premiums increased in 2013 for traditional homeowners and condominium coverage, while average tenant premiums decreased slightly.

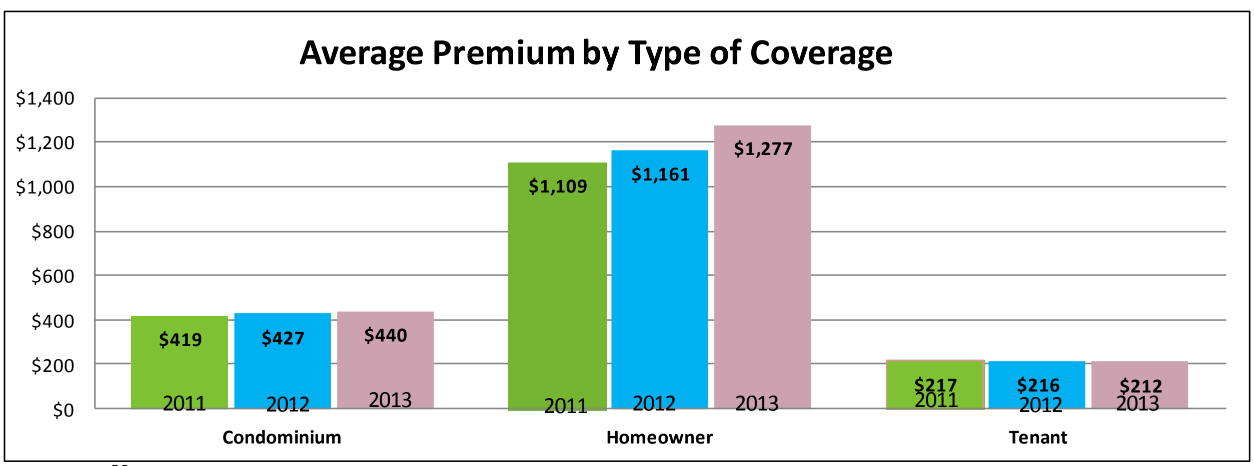


Figure 17[26]

[26] This year's Home Insurance report, as did last year's, uses a different premium basis for calculating the average premium in order to more accurately reflect average premium changes between years.

Costs

Insurance rates are based on individual company projections of future claims and expenses, which are, in turn, based on prior years' experience. This section looks at past claims and expense trends.

Filed Claims

In 2013, insureds filed a total of 78,813 claims with their home insurance companies, 4.3% fewer than the 82,334 filed in 2012. 87.0% of these claims were filed on traditional homeowners insurance policies; however, as illustrated in Figure 18, condominium and tenant coverage types had an increase in the number of reported claims between 2012 and 2013.

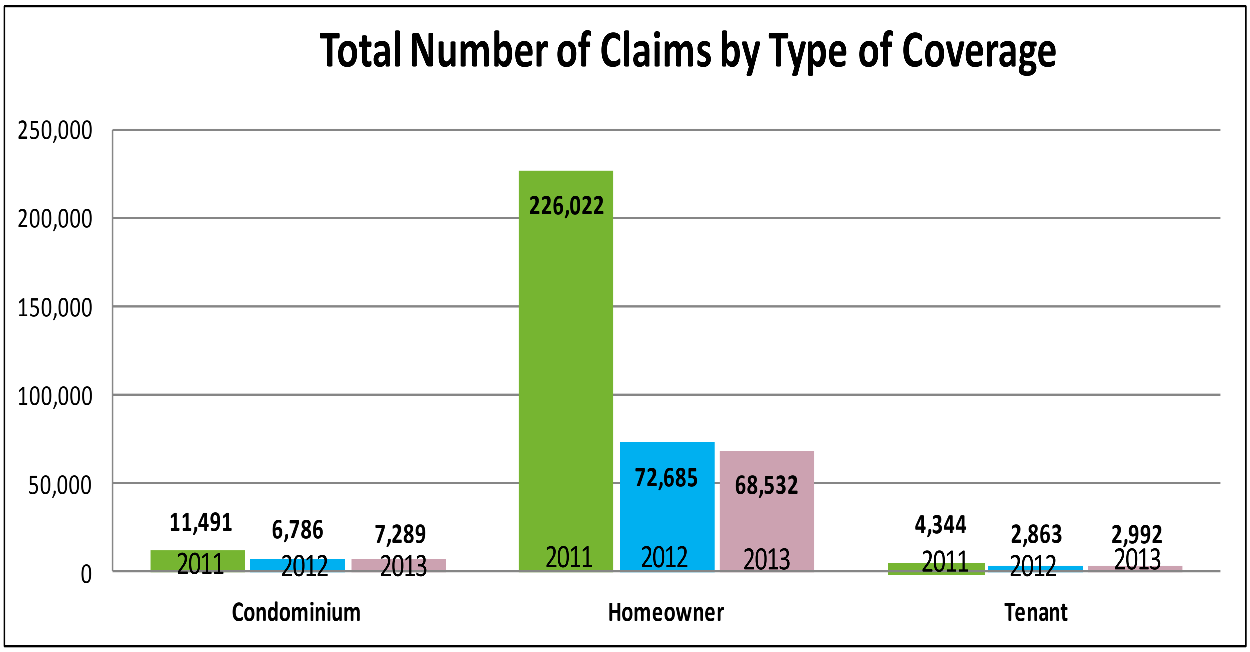


Figure 18

Claim trends tend to fluctuate with damage-causing weather patterns. Much of the 2013 decrease was associated with the absence of significant weather events, especially no weather events classified as loss catastrophes, as contrasted for example with 2011.

While the total number of filed claims decreased, as illustrated in Figure 19 (over), the average size of incurred claims increased 18.2% for traditional home insurance, 16.0% for condominiums and 11.8% for tenants. The increase in average claim size reflects the reduced number of weather-related claims, which typically are smaller than fire claims (see following section discussing cause of loss).

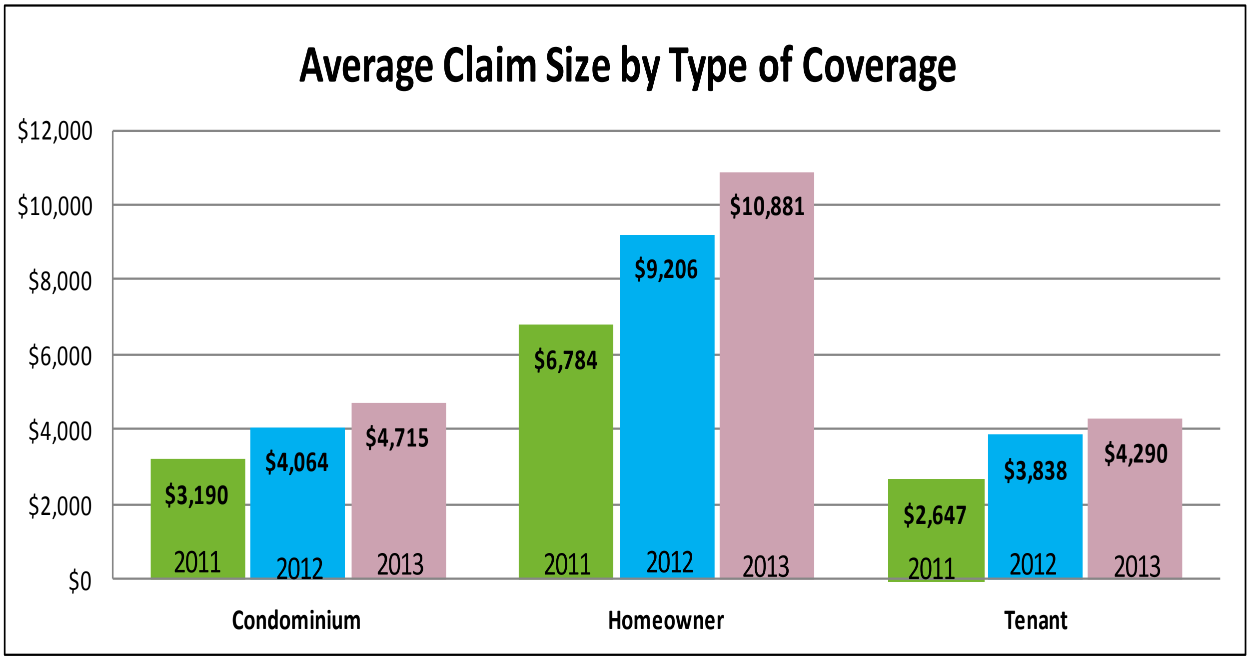


Figure 19

Analysis of Claims Experience

When recording reported claims, companies categorize submitted claims according to the cause of loss in order to project future claims, as well as to consider loss control programs that may reduce future losses. Although companies track losses from both natural events (such as earthquakes) and man-made events (such as thefts) to develop loss controls that are tailored to various events, in general, company groups categorized claims as follows:

Fire, Lightning and Removal
Wind and Hail
Water Damage and Freezing
Theft
Liability and Medical
All Other[27]

[27] The "all other" category is used when: (a) the claim does not fit one of the other causes of loss, (b) there is some question as to which cause of loss among several possible causes of loss caused the claim or (c) the cause of loss is not known initially.

As illustrated in Figure 20, over 41% of total claims, 27,631, were submitted for water losses for non-flood related water damage and freezing. This large percentage is estimated to reflect water damage associated with cold winter. Policyholders also submitted 5,832 claims for fire, lightning and removal damages and 9,431 claims for “All Other Losses” damages, accounting respectively for 8.8% and 14.2% of total claims filed. There were a total of 13,826 claims filed under the wind category which represents 20.7% of total claims filed.

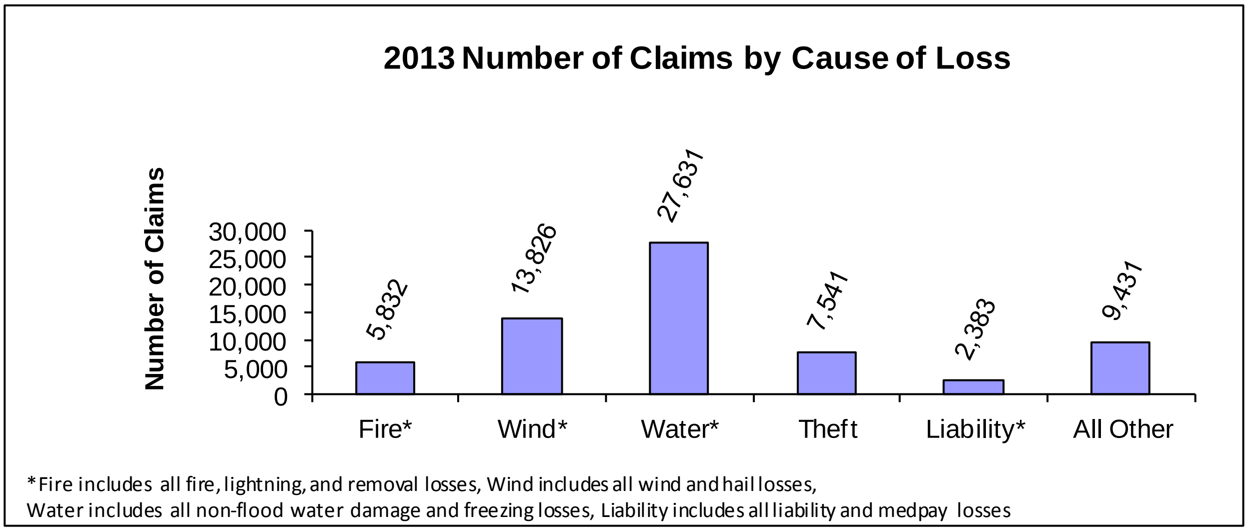


Figure 20

When considering the dollar cost of claims, as illustrated in Figure 21, the distribution of losses reflects the fact that certain types of claims (viz., fires) have a higher average cost. Notably, Fire losses decreased from 40.4% of all total losses in 2012 to 37.6% in 2013. Theft and Liability losses decreased from 4.1% and 5.8% in 2012 to 2.9% and 5.7% in 2013 respectively.

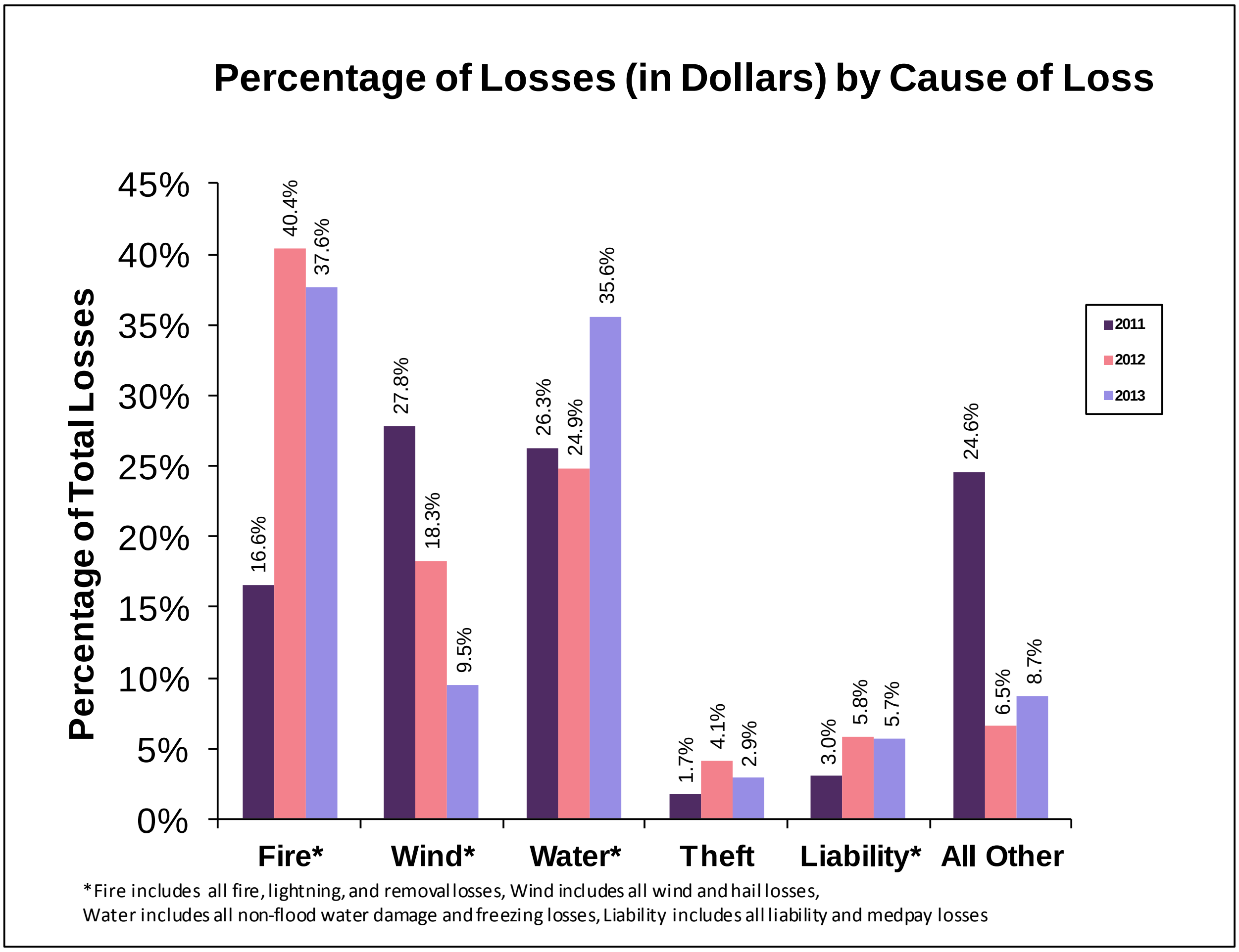


Figure 21

Additional Detail on Each Cause of Loss

Fire, Lightning and Removal dollar losses as a percentage of statewide losses decreased from 40.4% in 2012 to 37.6% in 2013. The statewide average fire, lightning and removal claim cost was $44,921 in 2012 increasing to $51,039 in 2013.

Wind & Hail losses accounted for 9.5% of total losses in 2013, down from18.3% in 2012. The statewide average claim cost for wind and hail decreased from $5,466 in 2012 to $5,441in 2013.

Non-Flood Water Damage and Freezing losses accounted for 24.9% in 2012 and 35.6% in 2013. The statewide average claim cost for non-flood water damage and freezing increased from $8,169 in 2012 to $10,195 in 2013.

Theft losses accounted for 4.1% of total losses in 2012 and 2.9% of total losses in 2013. The total number of theft claims decreased from 8,716 in 2012 to 7,541 in 2013 and the average statewide theft claim cost also decreased from $3,200 in 2012 to $3,021 in 2013.

Liability and Medical Payments dollar losses accounted for 5.8% of total losses in 2012 and 5.7% of total losses in 2013. The average statewide liability and medical claim cost decreased from $19,516 in 2012 to $18,864 in 2013.

All Other claims losses accounted for 8.7% of total losses in 2013 compared to 6.5% in 2012. Total filed claims increased from 7,231 in 2012 to 9,431 in 2013. The average claim cost was $6,134 in 2012 increasing to $7,290 in 2013.

Loss Ratios

Loss Experience Compared to Earned Premiums

Loss ratio (incurred losses divided by earned premium) is a generally accepted measure of the underwriting success or failure of property insurance. The higher the cost to the company of reinsurance and other expenses, the lower the company's loss ratio must be for it to continue to operate. The higher the loss ratio, the more likely companies have overall losses after paying for administrative expenses. Based on the submitted loss data, the 2013 overall loss ratio for all FAIR Plan and Top 25 insurance company policies was 40.0% across all types of residences (viz., traditional homes, condominiums, rentals). Figure 22 presents a history of the loss ratios for the entire market since 2004:

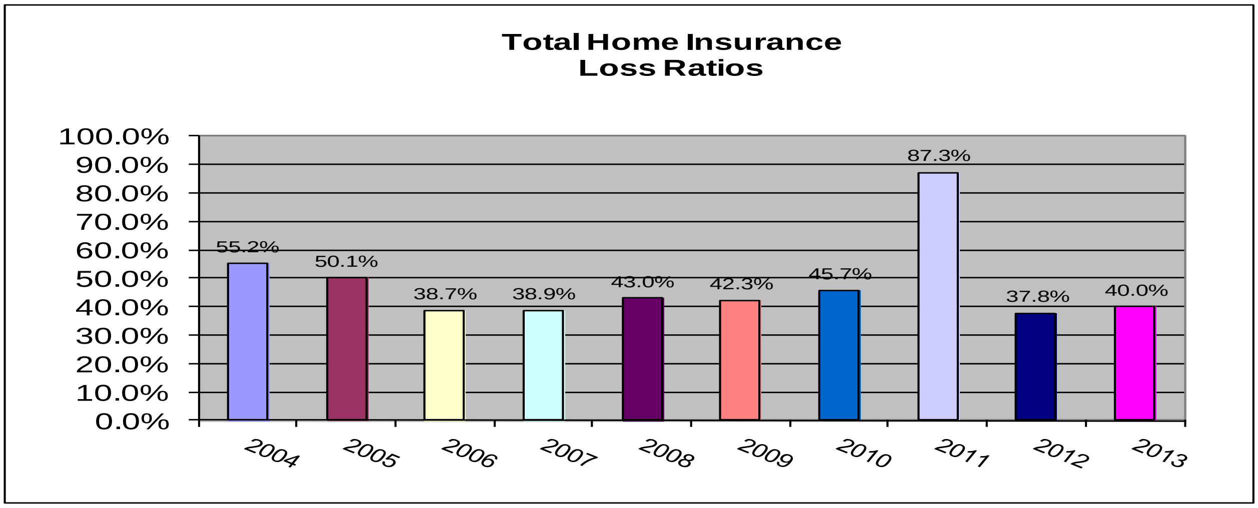


Figure 22

Non-weather events do not usually cause major shifts in loss trends;[28] weather-related events can cause significant shifts, depending on the severity of the events. For example, there were two "catastrophe"[29] events in 2007, one in 2008, none in 2009, four each in both 2010 and 2011, one in 2012 and none in 2013 but the resulting losses varied with the severity of the events. The loss ratio for 2013 is slightly more than 2012 due to the variability of the weather and of the number of homes impacted. As presented in Figure 23, the traditional homeowners loss ratio was 40.4%. The condominium loss ratio was 37.3%, while the tenant coverage was 28.3%.

[28] Fire losses are an exception since fires involving multiple dwellings can significantly impact losses for a year.
[29] Massachusetts catastrophe code numbers are assigned to natural events by Property Claims Services, Inc. (PCS), a subsidiary of ISO, Inc. when insurable losses resulting from a natural event exceed $25 million and produce at least 2,000 claims.

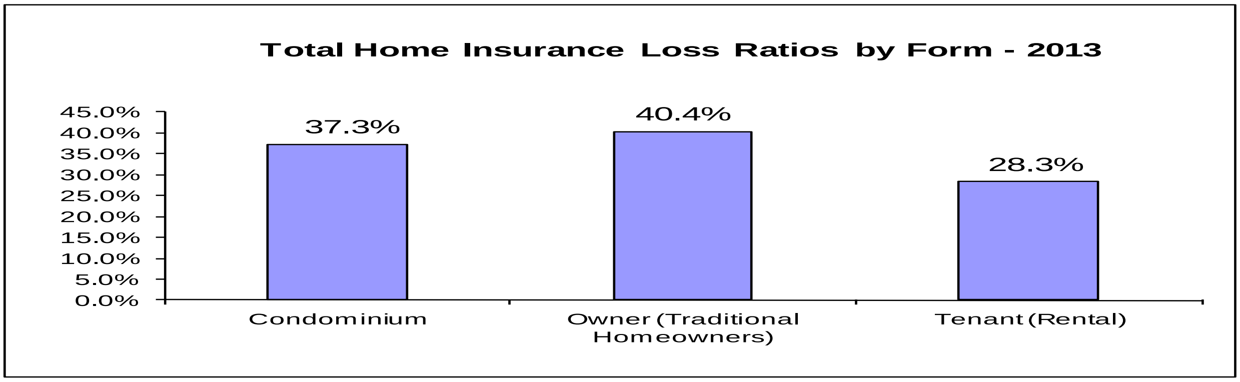


Figure 23

Combined Ratios: Loss and Expense Experience Compared to Premiums Collected

The combined ratio (the combination of company expenses and incurred claims costs divided by earned premium) is a measure of the overall experience of property insurance companies in a market. The lower the combined ratio, the higher the company's potential profit. The research which forms the basis for this report does not include information on insurance company operating expenses. In order to get a more complete picture of insurers' financial results, the Division has incorporated industry expense data that insurance companies submit as part of their annual financial statements. Figure 24 calculates the percentage of premium that insurance companies paid out for Massachusetts home insurance losses and the percentages of premium that can be attributed to various operating expenses. The result is an "Adjusted Combined Ratio" for the Massachusetts home insurance market.

Calculation of Adjusted Combined Ratios

Year	(A) Earned Premium ($000's)	(B) Incurred Losses ($000's)*	[ULAE %]	(C) = (B)/(A) Loss Ratio*	(D) Incurred Losses + All Loss Adj Expenses ($000's)	(E)= (D)/(A) Adjusted Loss Ratio (incl All Loss Adjust Expenses)	(F) Producer Commissions	(G) Taxes and Licensing Fees	(H) Other Acquisition Expense	(I) General Expenses	(J) = (F)+(G)+(H)+(I) Expense Ratio	(K)= (E+J)/A Combined Ratio (Adj Loss Ratio + Expense Ratio)	(L) Mutual Company Dividends to Policyholders	(M)= (K)+(L) Adjusted Combined Ratio (incl Mutual Divs)
2013	1,739,644	660,369	14.4%	38.0%	755,269	43.4%	17.0%	2.9%	7.8%	4.7%	32.4%	75.8%	0.7%	76.4%
2012	1,627,267	607,289	12.8%	37.3%	684,780	42.1%	17.3%	2.8%	7.7%	4.3%	32.2%	74.3%	0.7%	74.9%
2011	1,564,579	1,442,793	10.9%	92.2%	1,600,343	102.3%	16.6%	2.8%	7.8%	4.5%	31.7%	134.0%	0.6%	134.6%
2010	1,496,800	683,987	11.7%	45.7%	764,215	51.1%	17.7%	2.7%	8.0%	4.4%	32.8%	83.8%	0.7%	84.5%
2009	1,470,373	630,921	14.3%	42.9%	721,140	49.0%	17.8%	2.7%	7.8%	4.6%	32.9%	81.9%	0.7%	82.6%
2007	1,374,607	520,492	12.9%	37.9%	587,578	42.7%	18.9%	2.6%	7.5%	4.3%	33.3%	76.0%	0.6%	76.6%

Premium & loss data is voluntary market only. Reinsurance expenses are not included in this calculation and are more fully discussed below.

Figure 24

Figure 24 also presents various home insurance company expenses as a percentage of premiums. The adjusted combined ratio[30] illustrates how other necessary expenses, when combined with losses, can be compared to homeowners insurance premiums. The adjusted combined ratio of 76.4% for 2013 is similar to the ratios for most of the other years, indicating the level of losses carriers experienced in 2013.

This analysis does not include what insurance companies pay to reinsurers for catastrophe and hurricane reinsurance, information which is not readily available within the aggregate financial statements for Massachusetts homeowners business. Based upon information submitted as part of individual company rate filings, the Division estimates that reinsurance expenses could account for as much as 25% of a company's premiums, depending on that company's portfolio of coastal exposures. The analysis also omits reinsurance recoveries – payments from reinsurers to insurance companies that partially reimburse the insurance company for losses paid.

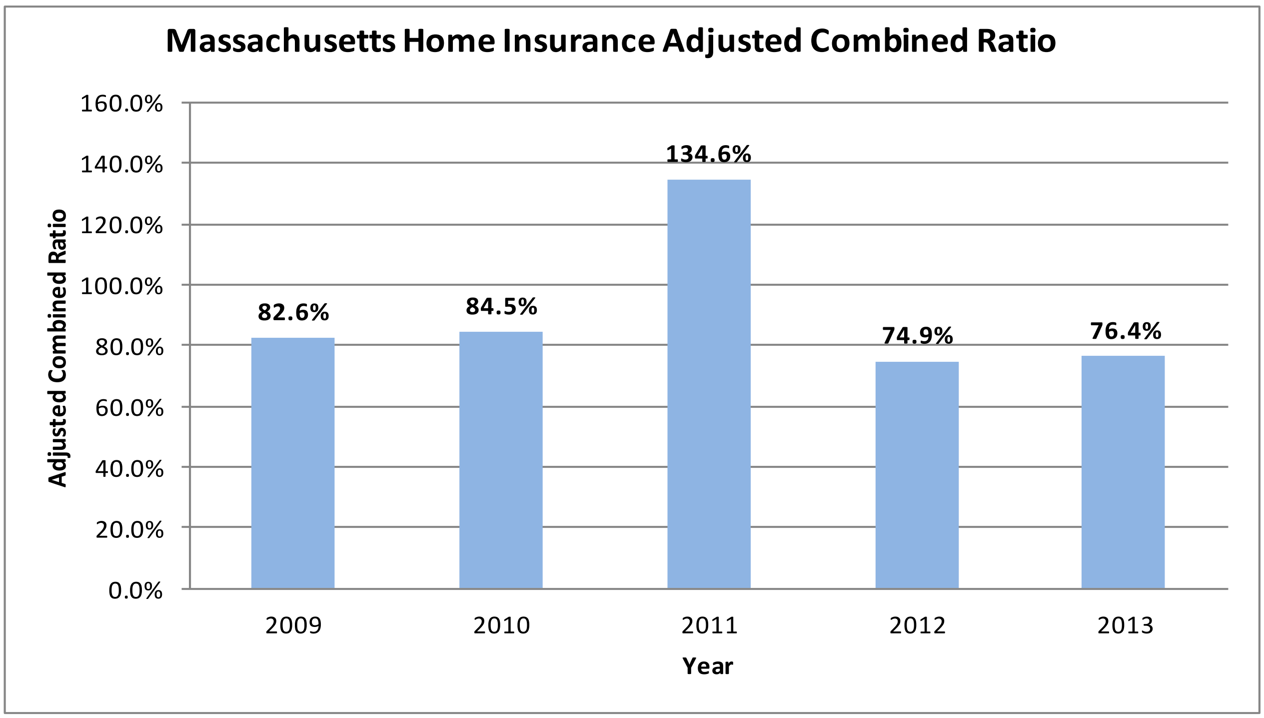


Figure 25

Figure 25 illustrates how weather-related disasters can cause significant fluctuations in the market's adjusted combined ratio, as observed, for example, in the higher combined ratio in 2011 when Massachusetts was impacted by tornadoes and Tropical Storm Irene.

[30] Insurance companies pay claims handling expenses (also known as "loss adjustment expenses") which, if added to incurred losses to calculate an adjusted loss ratio, provide a clearer picture of the proportion of premium dollars that are devoted to claims and claims handling expenses. In addition to claims, companies need to pay other expenses, including producer commissions, taxes and licensing fees, other acquisition costs, and general administrative expenses in order to run their businesses. These expenses, when combined with the adjusted loss ratio, generate a combined ratio reflecting the overall costs of business during a calendar year. Finally, some mutual insurance companies make payouts to policyholders in the form of dividends that should be factored into the analysis, as these are real expenses paid out by companies to their policyholders.

FAIR Plan Financial Results

During its 2013 fiscal year, the FAIR Plan had an underwriting profit of $3,000,635[31] (see accompanying Statistical Supplement). The last underwriting loss to the FAIR Plan was in 2011.

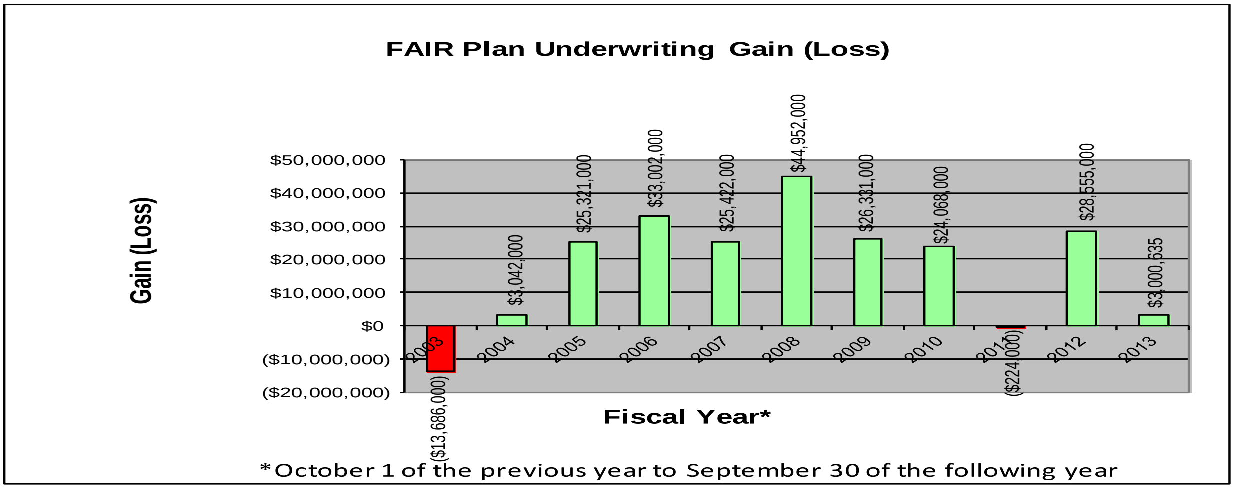


Figure 26

As illustrated in Figure 27, the FAIR Plan experienced a Fiscal Year 2013 underwriting profit – usually called the FAIR Plan's contribution to surplus -- of $16 per policy, as compared to an underwriting profit[32] per policy of $152 in Fiscal Year 2012.

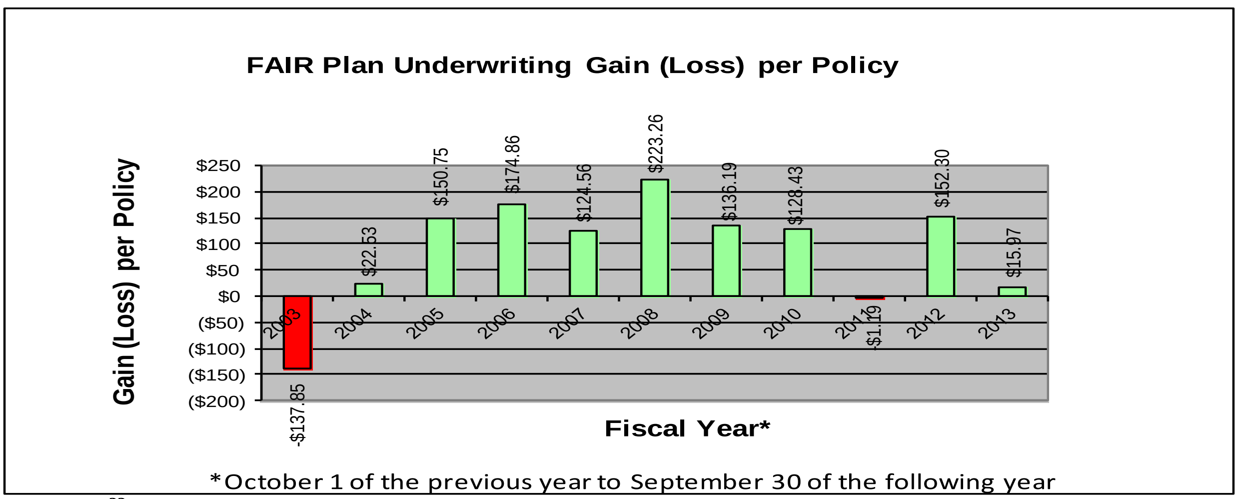


Figure 27[33]

[31] The FAIR Plan fiscal year runs from October 1st of one calendar year to September 30th of the following calendar year.

[32] Since the FAIR Plan is not an insurance company per se, it refers to its underwriting profit as its contribution to surplus. For the purpose of this analysis, the report will continue to refer to this as an underwriting profit, for owner, condominium and tenant policies, as reported by the FAIR Plan.

[33] Fair Plan underwriting gain (loss) per policy is calculated by dividing the fiscal year's underwriting profit (loss) by the number of fiscal year owner, condominium and tenant policies issued.

Changes in FAIR Plan Rates

As illustrated in Figure 28, the FAIR Plan revised its annual average rates between 1996 and 2010 from a low of -1.0% (decrease) in 2010 to a high of 12.4% (increase) in 2006. Each of these filings was reviewed according to the standards in M.G.L. c. 175C and hearings were scheduled as required by that statute. In most of the years between 1996 and 2012, the proceedings on those filings were ultimately resolved by rate stipulations agreed to by the parties.

However, in 2005 the FAIR Plan submitted a request for a 12.5% statewide rate increase, including a request for a 25.0% rate increase in Barnstable, Dukes and Nantucket counties.[34] Following an administrative hearing, the FAIR Plan was granted a 12.42% statewide increase, including a 25.0% rate increase in Barnstable, Dukes and Nantucket counties to take effect in 2006.

FAIR Plan Home Insurance Rate Changes

Effective Date*	Percent
12/31/1996	5.3%
12/31/1997	2.2%
12/31/1998	0.9%
12/31/1999	0.1%
12/31/2000	-0.5%
12/31/2001	-0.2%
12/31/2002	1.9%
12/31/2003	2.8%
12/31/2004	3.2%
10/1/2006	12.4%
3/31/2010	-1.0%

*Years not shown had no rate change

Figure 28

In spring 2013, the FAIR Plan submitted a request for an overall statewide increase of 6.8%. The hearing on this rate proceeding concluded in 2014 and the requested rate increase was denied after the Commissioner found that the FAIR Plan had failed to meet its burden of support for two aspects of its rate request and to prove, by a preponderance of the evidence, that its rates satisfied the statutory requirements.

[34] Identified as ISO statistical territory 37, and is commonly known as the Cape Cod and Islands area.

Review of FAIR Plan Compared to Private Market

It appears that consumers who are assigned to the FAIR Plan may not be shopping around aggressively for other coverage. In 2013, only 128 policyholders of the 187,193 policies written through the FAIR Plan took advantage of the FAIR Plan's Market Assistance Plan (see Statistical Supplement for detail on this program), where the FAIR Plan offers the applicant's coverage to any other insurer writing in the market.

Cancellations and Nonrenewals

Under Massachusetts General Laws, Chapter 175, §4B, the Division collects information from the top 25 insurers[35] and the FAIR Plan regarding policies in-force, total cancellations, and total nonrenewals for each urban and coastal zip code designated by the Commissioner for additional review and reporting. The data is collected on a calendar year basis for policies written during the reporting period.[36]

Aggregate Cancellation/Nonrenewal Data for Urban/Coastal Areas[37]

Figures 29A and 29B depict the percentage of cancellation and nonrenewal in the designated areas. The top 25 companies and the FAIR Plan reported that they had a total of 481,417 policies in force in urban and coastal areas as of December 31, 2013. Of the total policies in-force, there were 290,148 policies in urban areas and 191,269 policies in coastal areas. The top 25 companies covered 358,766 homes and the FAIR Plan covered 122,651 homes.

A policy cancellation is the termination of a policy before its one year effective period has expired. The cancellation may be effected at the request of the insured or, under certain circumstances, by the insurance company. During 2013, there were a total of 63,355 policies cancelled in urban or coastal areas, with 47,623 cancellations among the top 25 companies and 15,732 cancelled FAIR Plan policies. Of the total number of cancellations, 42,850 policies were cancelled in urban areas and 20,505 policies were cancelled in coastal areas.

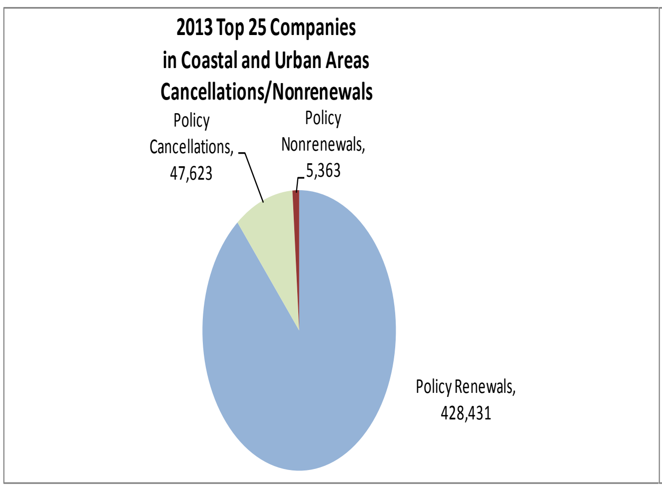


Figure 29A

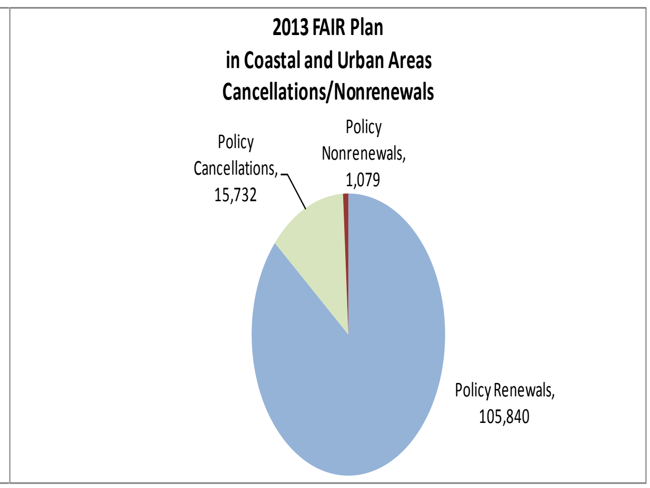


Figure 29B

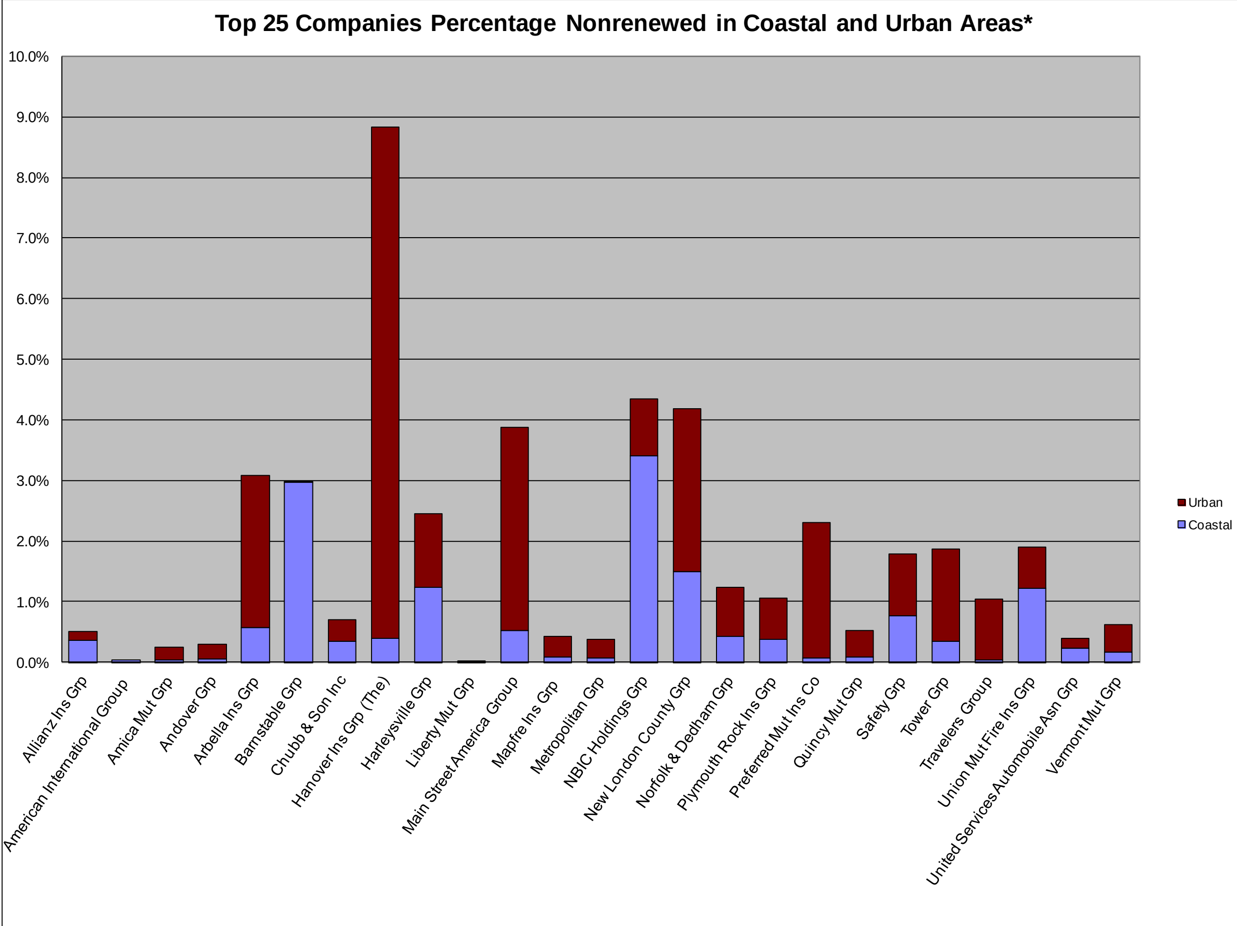
[35] The list of the top 25 insurers, primarily insurer groups that were writing homeowners insurance in Massachusetts in 2013 based on written premium data from the National Association of Insurance Commissioner's database for homeowners multiple peril is listed within footnote 17. Some of these insurer groups are better known by the names of their individual insurance companies.

[36] The designated zip codes are identified in Exhibit 8A of the Statistical Supplement to this report.

[37] Statutory cancellation and nonrenewal provisions can be found in M.G.L. c. 175, §§ 4C, 99 and 193P. Detailed information identifying the number of cancellations and nonrenewals by zip code for each of the noted companies is included within the Statistical Supplement to this report.

Policy nonrenewal refers to either the policyholder electing not to renew the policy when it expires or to the insurance company not offering to renew the policy when it expires. The top 25 companies and the FAIR Plan report that there were a total of 6,442 policies nonrenewed in the urban and coastal designated zip codes in 2013, with 5,363 policies nonrenewed among the top 25 companies and 1,079 nonrenewed the FAIR Plan policies. Of the total number of nonrenewals, 4,013 policies were nonrenewed in urban areas and 2,429 policies were nonrenewed in coastal areas.

When examining the information submitted on a company-by-company basis, as illustrated in Figure 30, four companies – Hanover Insurance Group, NBIC Holdings, New London County Group, and Main Street America Group– had the highest numbers of nonrenewals in 2013.



*The number of nonrenewals percentage is relative to the number of in-force policies each insurer has in designated zip codes .
"Nonrenewals consist of both "Total Nonrenewals" and "Insurer initiated Nonrenewals due to Company's Geographic Withdrawal".

Figure 30

Nonrenewals for Urban/Coastal Areas

In examining cancellations in urban and coastal areas, the Division asked companies to report whether cancellations were policyholder-initiated or insurer-initiated, and if insurer-initiated, whether they were made in the first 59 days (when an insurer may do so without reason) or were due to nonpayment or for other permitted reasons after the first 59 days of a policy. The Division requested information regarding the number of nonrenewals specifically associated with geographic concerns, as opposed to those undertaken for any other reasons.

Cancellations for Urban/Coastal Areas

The top 25 companies and the FAIR Plan reported:

- 63,355 cancellations during 2013
  - 46,253 were initiated by the policyholder and
  - 17,102 were initiated by the insurer, of which:
    - 1,047 initiated by the insurer in the first 59 days
    - 11,509 cancelled due to nonpayment; and
    - 4,546 cancelled for other reasons permitted by law.

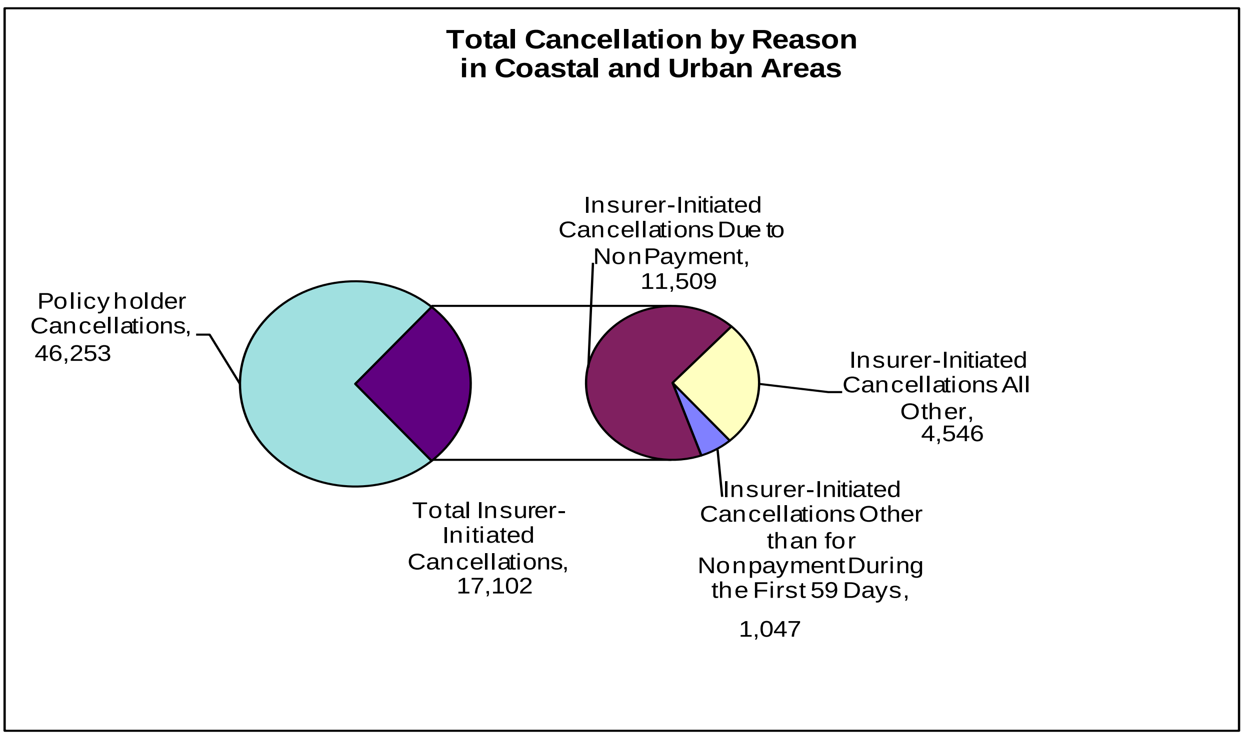


Figure 31

From an examination of those policies that were in urban areas:

- 42,850 cancellations occurred during 2013
    - 30,918 were initiated by the policyholder and
    - 11,932 were initiated by the insurer with
        - 693 initiated in the first 59 days;
        - 8,133 cancelled due to nonpayment; and
        - 3,106 cancelled for other reasons permitted by law.

From an examination of those policies that were in coastal areas:

- 20,505 cancellations occurred during 2013
    - 15,335 were initiated by the policyholder and
    - 5,170 were initiated by the insurer with
        - 354 initiated in the first 59 days;
        - 3,376 cancelled due to nonpayment; and
        - 1,440 cancelled for other reasons permitted by law.

Home insurance products are term products, almost always written with a one-year policy period. At the end of the one-year period, insurance companies and insureds must decide whether to continue the coverage for another policy period or to nonrenew the policy. There are no Massachusetts statutes that limit the reasons for the nonrenewal of coverage by an insurer, but an insurer must provide the policyholder or policyholder's insurance producer with at least 45 days advance notice.

The Division requested that companies not report data where a renewal offer was made and the policyholder did not accept the offer, instances where the policyholder requested that the policy not be renewed, and any nonrenewals connected to an insurance agency that did not produce business for the company during the years 2011, 2012, and 2013. The Division requested that companies distinguish between nonrenewals that were made based on: (a) the risk of natural perils (*i.e.*, windstorm, hurricane) that are usually covered under the standard homeowners policy or (b) all other reasons.

The top 25 companies reported that there were a total of 5,363 insurer-initiated policies nonrenewed in the urban and coastal designated zip codes[38] in 2013, with 40 of those nonrenewed as insurers withdrew from certain geographic areas and 5,323 nonrenewed for other reasons. This compares with a total of 3,691 policies nonrenewed in the urban and coastal designated zip codes in 2012, with 161 nonrenewed as insurers withdrew from certain geographic areas, and 3,530 nonrenewed for other reasons. Of the reported 40 in 2013 that were nonrenewed because the insurer decided to withdraw from a geographic area, 32 were in those zip codes identified as coastal areas. Of the reported remaining 5,323 nonrenewals for reasons other than a decision to withdraw from a geographic area, 1,957 were nonrenewals in those zip codes identified as coastal areas and 3,366 were nonrenewals in those zip codes identified as urban areas.

[38] The designated zip codes are identified in Exhibit 8A of the Statistical Supplement to this report.

In addition to the top 25 company nonrenewals, the FAIR Plan did not renew 1,079 policies according to what is permitted within its Plan of Operations, including properties whose value exceeds the FAIR Plan's $1,000,000 cap.

Claims History of Policyholders Renewed and Nonrenewed in Urban/Coastal Areas in 2013

In the 2013 survey, the Division asked the top 25 home insurance companies to separately report the claims history of policies that were renewed or nonrenewed.[39]

In 2013, of the reported 358,766 urban or coastal policies renewed by the top 25 home insurance companies, there were an estimated 42,465 claims filed during the reporting period, an average of 118 claims filed per 1,000 policies renewed in 2013. The companies reported having paid $298,670,025 in claims during the reporting period for those renewed in 2013, with an average claim size of $6,058. By comparison, in 2012, of the reported 355,411 policies renewed by the top 25 home insurance companies, there were an estimated 50,121 claims filed during the reporting period, or an average of 141 claims filed per 1,000 policies renewed. The companies reported having paid $314,604,186 in claims during the period for those renewed, with an average size of $5,397.

When comparing urban and coastal renewed policies, there were 88 claims filed per 1,000 coastal policies, as compared to 133 claims filed per 1,000 urban policies. The average claim size for renewal policies was $6,228 per claim for coastal policies, as compared to $5,997 per claim for urban policies.

Of the reported 5,323 policies nonrenewed by the top 25 insurance companies, there were a total of 1,728 claims filed in 2013, or an average of 325 claims filed per 1,000 nonrenewed policies. The companies reported having paid $18,320,850 in claims during the reporting period, with an average claim size of $10,602.

When comparing urban and coastal nonrenewed policies, there were 208 claims filed per 1,000 coastal policies, as compared to 392 claims filed per 1,000 urban policies. The average claim size for nonrenewed policies was $12,114 per claim for coastal policies, as compared to $10,135 per claim for urban policies.

Summary of Cancellation/Nonrenewals in Urban/Coastal Areas

While the results are not identical, it is apparent from survey data that insureds who have been nonrenewed have on average filed more claims and more expensive claims during the experience period. Nevertheless, a significant number of insureds whose policies were renewed also filed claims. In 2012, approximately 60,000 of those whose coverage was renewed did file claims sometime in the prior three years and companies made payments of $314,604,186 on these

[39] In collecting the claims history for those policies renewed in 2013, the Division requested in its survey that the company report the number of claims reported and dollar value of claims paid during each of 2011, 2012 and 2013. Similarly, in collecting the claims history for those policies nonrenewed in 2013, the Division requested that the company report the number of claims reported and dollar of claims paid during each of 2011, 2012 and 2013.

claims. In 2013, approximately 50,000 of those whose coverage was renewed did file claims sometime in the prior three years and companies made payments of $298,670,025 on these claims.

In urban areas, 96.5% of those policyholders with claims who sought to renew were renewed by their insurers. Similarly, 97.0% of those policyholders with claims in coastal areas who sought to renew were renewed by their insurance companies.[40] See figures 32A and 32B.

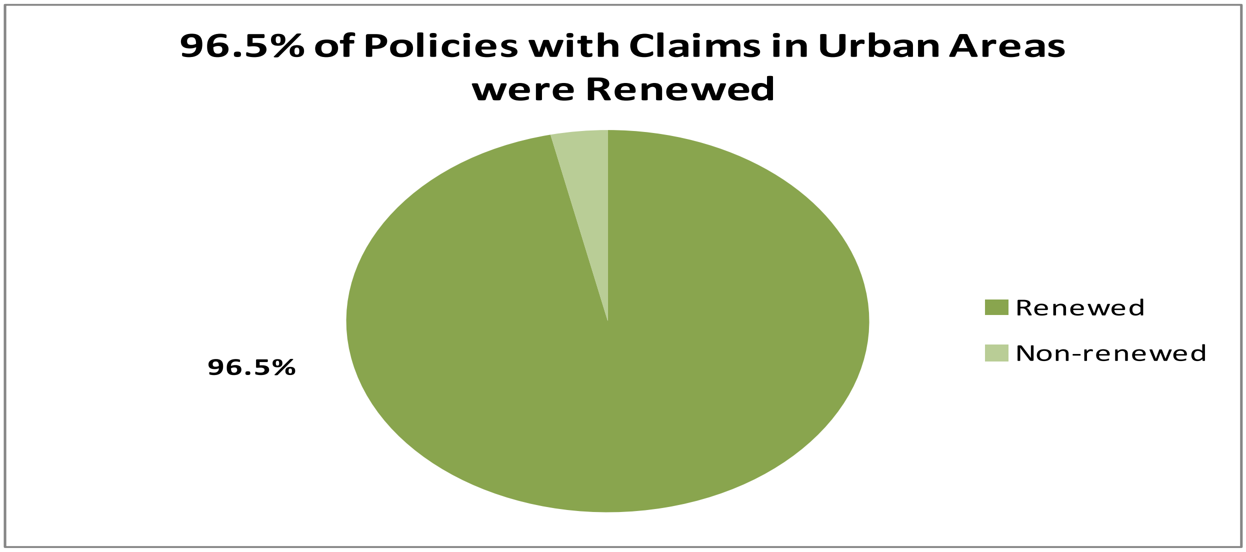


Figure 32A

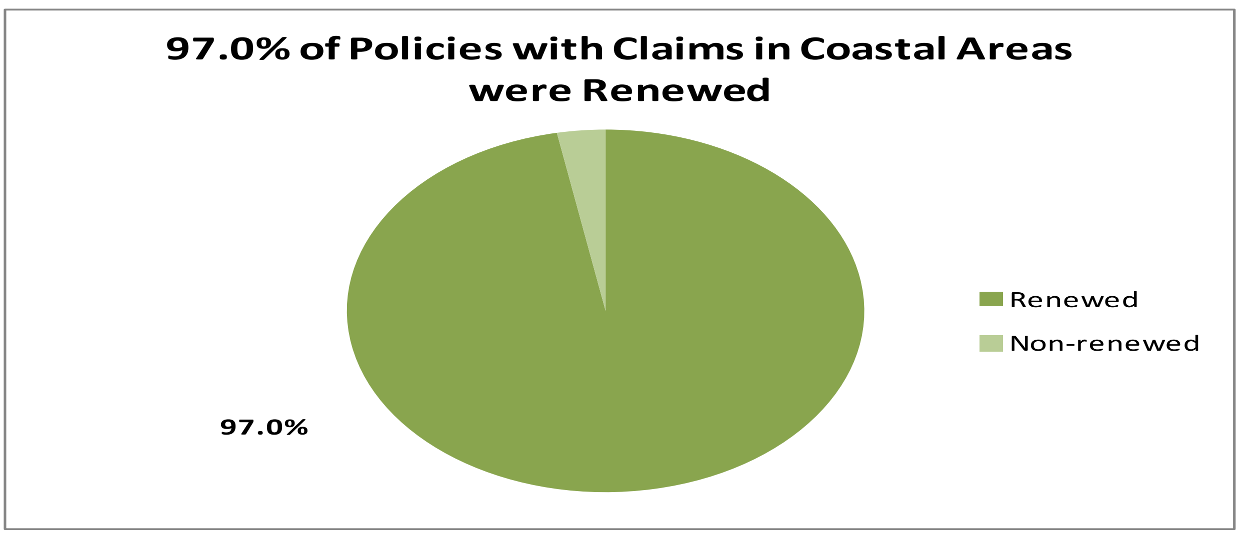


Figure 32B

[40] Based on the assumption that there was only one claim per policyholder.

Home Replacement Cost Estimate Comparison

In order to understand the replacement cost estimates of a hypothetical home at three locations in Massachusetts, the Division conducted a special examination to collect information from the top 25 companies and the FAIR Plan. Home replacement cost coverage is typically referred to as Coverage A under a home insurance policy.

Under this special examination, home replacement cost estimates were requested for three Massachusetts zip code locations: 01902 (Lynn), 02601 (Hyannis), and 01201 (Pittsfield) to determine how replacement costs vary by location.

All home replacement costs estimates were based on a standard type of home as identified by the Division.[41] Replacement cost is the value that a company would actually use for the Coverage A amount in a policy for homeowners insurance and carriers were requested to develop estimates based on a "like kind and quality" basis. To the extent that home characteristics were not

[41] **SPECIFICATION for Calculation of Coverage A replacement cost.**

Single family home
Zip Codes: 01902 (Lynn, MA), 02601 (Hyannis, MA), 01201 (Pittsfield, MA)
Year built: 1971
Square feet of living area: 2,000
Two story colonial
Standard builders' quality
Rectangular shape
3 bedrooms
2 bathrooms
Gable roof, moderate slope, no dormers
Unfinished attic
Interior wall height 8'
Construction is 2x4 frame
Building exterior is vinyl siding
Roof surface is asphalt/fiberglass shingles
Standard builders' grade kitchen
Two standard builders' grade full bathrooms
Partition walls are drywall
100% of interior wall finish is painted surface (vs. wall-paper, panels, etc.)
100% of ceiling finish is painted drywall
95% of floor finish is hardwood; 5% is ceramic tile
Heating is oil forced air
Cooling is central air conditioning, same ducts
No bay windows, picture windows, skylights, storm shutters or other exceptional exterior features
No sliding doors
Wood sash windows
Wood baseboard, wood door trim and wood window trim
No burglar alarm system, Jacuzzis, hot tubs, wet bars, custom vanities, spiral stair cases, French doors or other custom interior features
No fireplaces or wood stoves
Foundation is 100% unfinished below-grade basement, poured concrete, 8' basement walls, level grade
Attached two-car garage, slab foundation
No decks, porches, balconies, patios, greenhouses or other attached structures
Home site is level area with easy road access, little traffic congestion
No detached structures

specified, the carriers were instructed to consider that the home should be considered of standard build quality.

The Division also requested that companies indicate the method used to determine the home replacement cost estimates, whether by software, manual calculation or other method. When available, companies reported replacement costs both including and excluding the costs of debris removal. Some companies use as the coverage amount the value including debris removal while other companies use the value excluding debris removal. Replacement costs including costs of debris removal are employed by 13 of the carriers while replacement costs excluding debris removal costs are used by the other 13 entities. Regardless of whether debris removal is or is not a component of the calculated Coverage A replacement cost, all surveyed carriers provide coverage for costs of debris removal.

Results

Across the 26 entities surveyed (top 25 homeowners insurance carriers and the FAIR Plan), the Coverage A replacement cost averaged $293,167 in Pittsfield, $332,076 in Lynn and $332,359 in Hyannis.

Figure 33[42] details the range and the average amount of replacement costs that carriers indicated they would use to issue a policy for the hypothetical home in each of the three zip codes.

Home replacement cost estimates for Lynn across all the surveyed companies, *including the estimated costs of debris removal*, ranged from $241,132 to $459,132, with an average replacement cost of $340,012. The cost estimates for Lynn *excluding the cost of debris removal* were, of course, lower, ranging from $229,749 to $445,358. For the hypothetical risk in Lynn, the average estimated replacement cost, omitting costs of debris removal, was $323,949.

For Hyannis, the home replacement cost estimates across all the surveyed companies, *including* the costs of debris removal, ranged from $251,501 to $442,116 with an average cost of $337,664. Hyannis replacement cost estimates that *excluded* the cost of debris removal ranged from $238,641 to $428,852, with an average estimate of $324,896.

In the western Massachusetts community of Pittsfield, replacement cost estimates across all the surveyed companies, *including* the costs of debris removal ranged from $240,165 to $386,997, with an average of $296,392. Pittsfield estimates *excluding* the estimated cost of debris removal ranged from $228,157 to $375,387. The average of these estimates for the Pittsfield location was $324,896.

A policyholder shopping for home insurance would be quoted a Coverage A replacement cost that reflects the cost of debris removal for 13 of the surveyed companies and one that does not

[42] The Statistical Supplement provides the full range of hypothetical coverage replacement cost estimates within the three zip codes.

reflect replacement cost for the other 13 surveyed entities. Figure 33 below uses whichever basis each of the carriers employs to best reflect the range seen by a consumer shopping for insurance.

Hypothetical Coverage A Amounts Reported by Carriers					
City	Zip Code	Min Coverage A Replacement	Average Coverage A Replacement	Max Coverage A Replacement	Spread: Max - Min
Lynn	01902	$ 241,841	$ 332,076	$ 445,358	$ 203,517
Hyannis	02601	$ 251,501	$ 332,359	$ 428,853	$ 177,352
Pittsfield	01201	$ 237,497	$ 293,167	$ 375,387	$ 137,890

Figure 33

Overall, the average difference in cost estimate for Coverage A estimates with debris removal and for those without debris removal was $16,208 for the Lynn location, $15,916 for Hyannis and $13,815 for Pittsfield.

All 26 carriers made their replacement cost estimates using software. One of these carriers used proprietary software and the other 25 used software provided by national vendors.

It is clear from the reported information that there is a large range in the replacement cost estimates among the companies that were surveyed for this section of the report.