RCT BULLETIN

RCT PRODUCT UPDATE BULLETIN

4th Quarter 2014

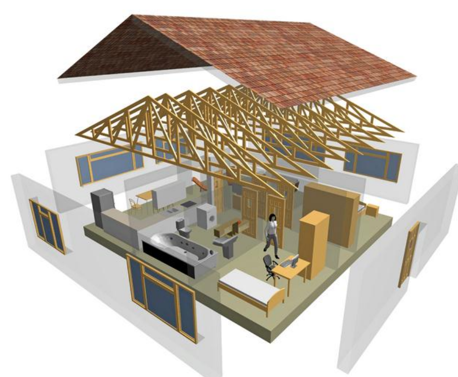
CoreLogic® Insurance Solutions is pleased to provide you with an overview of the updates and enhancements in the **4th Quarter 2014 release of RCT®**. This overview will provide you with an understanding of this quarter's changes in residential building costs as well as any enhancements to the RCT® software.

To ensure that our clients receive the most current building material and labor costs, CoreLogic® Insurance Solutions data team continuously researches labor, material, and equipment costs (hard costs) including mark-ups. Our research is extended to cover taxes and fringes (soft costs) for reconstruction work performed for the insurance industry in the United States and Canada. Research professionals monitor data from nearly 3,000 unique economies in the United States and over 100 in Canada.

The process includes monitoring demographic and econometric statistics, government indicators, and localization requirements, including market trends. Other factors in this process include:

- Wage rates for more than 85 union and non-union trades
- Over 100,000 line items of construction data
- Productivity rates and crew sizes
- Local cost concerns, such as building code requirements and other localized variables

In addition, we validate cost data by analyzing field inspection records, contractor estimates, phone surveys and partial and full loss claim information.



NOTE: The cost information in this bulletin is only intended to give you a *general sense* of reconstruction cost trends in North America. We do not advocate using these factors when adjusting renewal values for specific locations or across your book of business. The building material and labor cost trends presented in this bulletin are broad averages derived from our research of construction trades and building materials used in a typical, 2,400 square foot, single family, 2-story home and do not translate into the property specific localized, detailed results calculated by RCT.

For more information or explanation, please contact your sales consultant or account manager.

CoreLogic® Insurance Solutions
Now Fueled by MSB

U.S.

QUARTERLY MATERIAL COST CHANGES

FELT

0.9%

SHINGLES

0.6%

COPPER PIPE

0.3%

COPPER WIRE

0.3%

DRYWALL

0.4%

PLYWOOD

10.4%

LUMBER

1.7%

INSULATION

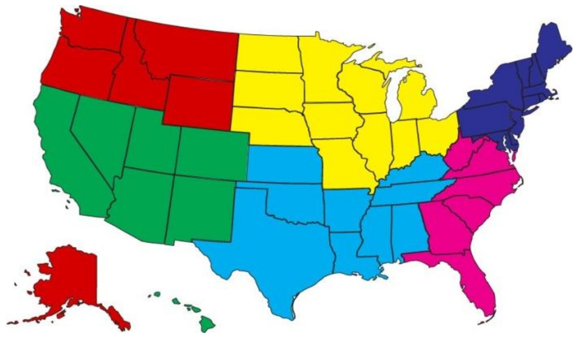
0.6%

READY MIX

0.2%

RCT PRODUCT UPDATE BULLETIN

4th Quarter 2014



U.S. Regional Quarterly Cost Changes
4th Quarter 2014 compared to 3rd Quarter 2014

Northwest	0.70%
Southwest	0.51%
Northeast	0.83%
Southeast	0.52%
North Central	0.48%
South Central	0.55%

National Average: 0.58%

U.S. Regional RCT Cost Changes

Both copper wire and copper pipe increased 0.3%, as a slight improvement in the global market was highlighted toward the end of the quarter. Fire destroyed a major plywood mill in July, accounting for 2.0% of all North American production. Price increases filtered through the market over a three month span, resulting in a substantial 10.4% increase for plywood by the end of the quarter. However, recent prices are not expected to disrupt the plywood market long term. Drywall prices revealed a 0.4% increase over the quarter, as construction spending fluctuates with unstable demand.

The average for U.S. building materials increased 1.5% over the quarter. For labor, the average wage rate increased 0.5% for the quarter, based on construction trade contracts that were renewed during the quarter. CoreLogic® Insurance Solutions monitors a wide variety of construction materials for the residential building industry. A snapshot of some of the most common material elements is listed below:

US	3Q14	2Q14	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12
Asphalt Felt 15#	-0.9	-0.3	-0.3	0.0	-0.3	-0.1	-0.3	-0.5
Asphalt Shingles 25yr, 3-tab	-0.6	-1.6	-0.6	-0.2	1.1	-0.8	0.1	0.1
1/2" Copper Pipe	0.3	-1.5	-0.2	-0.4	-1.0	-0.4	0.8	-1.0
Copper Wire	0.3	-3.3	0.3	-0.6	-1.4	-1.7	0.5	0.9
1/2" Drywall	0.4	2.6	3.1	1.5	3.9	4.7	4.5	1.0
1/2" Plywood	10.4	0.7	-2.8	-5.0	1.3	6.9	3.0	5.4
2x4 Lumber	1.7	2.9	0.7	-2.1	1.1	6.3	3.0	2.6
R-13 Fiber Batt Insulation	0.6	1.6	2.7	5.6	4.8	1.7	0.8	1.9
Ready-Mix	-0.2	-0.7	2.3	1.4	0.1	-0.6	2.0	1.1

*Aggregate Material Index of the nine most commonly used building materials – Residential
** This table represents the percent change from one quarter to the next period.

TECHNICAL SUPPORT: 1-888-370-8324 7 a.m. to 7 p.m. CT ◆ MSBHelpdesk@msbinfo.com

CANADA

QUARTERLY MATERIAL COST CHANGES

ASPHALT FELT

0.6%

ASPHALT SHINGLES

1.2%

COPPER PIPE

0.1%

COPPER WIRE

0.2%

DRYWALL

2.2%

PLYWOOD

9.7%

LUMBER

2.4%

INSULATION

0.2%

READY MIX

0.1%

RCT PRODUCT UPDATE BULLETIN

4th Quarter 2014

Canada Regional Quarterly Cost Changes
4th Quarter 2014 compared to 3rd Quarter 2014

North	1.27%
West	1.27%
Central	0.91%
Atlantic	0.65%
National Average:	0.97%

Canada Regional RCT Cost Changes

Roofing felt prices decreased 0.6% over the quarter, as suppliers work to push out old supplies for the upcoming fall and winter seasons. Major plywood distributing operations for The Canadian Plywood Association (CANPLY) have ceased in late July, resulting in a strain for product demand. Price increases flooded the competitive market over a three month span, resulting in an overall 9.7% increase for plywood by the end of the quarter. Ready-mix concrete revealed a minimal increase of 0.1% for the quarter; however, pricing is expected to decline with lower demand through the remainder 2014.

CoreLogic® Insurance Solutions monitors a wide variety of construction materials for the residential building industry. A snapshot of some of the most common material elements is listed below:

CANADA	3Q14	2Q14	1Q14	4Q13	3Q13	2Q13	1Q13	4Q12
Asphalt Felt 15#	-0.6	0.0	0.0	-0.1	-0.3	-1.4	-0.6	-0.7
Asphalt Shingles 25yr, 3-tab	-1.2	-0.2	0.4	-0.1	-1.3	-1.1	0.6	0.9
1/2" Copper Pipe	-0.1	-0.3	-0.8	-0.5	-1.1	0.3	-2.0	-0.6
Copper Wire	0.2	-2.0	-1.6	-0.3	-1.4	-2.1	-1.6	-0.9
1/2" Drywall	-2.2	-1.6	1.1	-0.5	-0.8	0.9	0.0	-1.3
1/2" Plywood	9.7	-1.7	-1.0	-3.4	-1.7	3.6	4.8	7.2
2x4 Lumber	2.4	2.6	2.3	0.1	2.2	4.9	3.8	4.7
R-13 Fiber Batt Insulation	-0.2	0.9	0.2	0.1	1.9	-0.4	1.3	0.5
Ready-Mix	0.1	-1.8	2.6	1.8	-1.1	-1.3	3.0	3.4

*Aggregate Material Index of the nine most commonly used building materials – Residential
**This table represents the percent change from one quarter to the next period.

TECHNICAL SUPPORT: 1-888-370-8324 7 a.m. to 7 p.m. CT ◆ MSBHelpdesk@msbinfo.com

CoreLogic® Insurance Solutions

Now Fueled by MSB

	U.S.	CANADA
	ANNUAL MATERIAL COST CHANGES	ANNUAL MATERIAL COST CHANGES
ASPHALT FELT	↓ 1.5%	↓ 0.8%
ASPHALT SHINGLES	↓ 3.1%	↓ 1.1%
COPPER PIPE	↓ 1.9%	↓ 1.6%
COPPER WIRE	↓ 3.3%	↓ 3.7%
DRYWALL	↑ 7.8%	↓ 3.3%
PLYWOOD	↑ 2.7%	↑ 3.1%
LUMBER	↑ 3.2%	↑ 7.7%
INSULATION	↑ 10.9%	↑ 1.0%
READY MIX	↑ 2.9%	↑ 2.7%

RCT PRODUCT UPDATE BULLETIN

4th Quarter 2014

RCT Software Updates for This Quarter

NOTE: **CoreLogic® Insurance Solutions recommends a full program install whenever possible to ensure that you have the latest data and program enhancements.**

Cost Data Changes

The fourth quarter 2014 cost data update reflects reconstruction cost changes in both labor and material. Standardized costs in this release reflect localized, updated costs, which represent the impact of emerging markets on construction cost trends, as required by economic trends.

TECHNICAL SUPPORT: 1-888-370-8324 7 a.m. to 7 p.m. CT ◆

MSBHelpdesk@msbinfo.com

CoreLogic® Insurance Solutions
Now Fueled by MSB