



# MASSACHUSETTS PROPERTY INSURANCE UNDERWRITING ASSOCIATION

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March 12, 2025

TO: All Massachusetts Producers

Re: **Dwelling Policy Program (DP 2002 Program) New Rule – Rule A5. Primary Insurance Coverage – Forms DP 00 02 and DP 00 03 and New Endorsement form Coverage A Dwelling Homeowners Endorsement DP 32 83 04 25**  
**Effective Date; New Business Effective on or after April 15, 2025**

The Massachusetts Division of Insurance has recently “placed on file” a filing by the Massachusetts Property Insurance Underwriting Association (MPIUA) allowing the introduction of a new Rule A5. Primary Insurance Coverage – Forms DP 00 02 and DP 00 03 and new Endorsement form Coverage A Dwelling Homeowners Endorsement HO 32 83 04 25.

The new Primary Insurance for Coverage A Dwelling Endorsement DP 32 83 04 25 to be used with Dwelling DP 00 02 and DP 00 03 allows the MPIUA policy to become the primary insurance and any additional coverage become excess over the MPIUA Policy. This endorsement replaces the Other Insurance Condition in the policy form and makes the MPIUA policy primary insurance for the insured property rather than a proportional piece of the coverage. When a Primary Insurance Endorsement is not attached to the policy, the “Other Insurance” condition in the policy form is unchanged.

Eligibility for the Primary Insurance Coverage Endorsement is limited to risks where 90% of replacement value is greater than \$1,000,000. The Primary Insurance Coverage Endorsement and this rule are mandatory when 90% of replacement value is greater than \$1,000,000.

The applicant will need to obtain the excess coverage policy through their Insurance Producer. Proof of the excess coverage policy is required within 30 days of the policy effective date or else the Primary Insurance Coverage Endorsement will be removed as of the effective date and the Actual Cash Value Endorsement (DP 04 76) will be attached to the policy as of the effective date.

Enclosed is Dwelling Policy Program MPIUA Exception Pages (MPIUA-DP-EXC-7 to MPIUA-HO-EXC-9) which details the newly introduced Rule A5. The Premium Computation Rule and Premium Computation Examples have also been provided under Rule A5.B. Also a copy of the new Endorsement form Coverage A Dwelling Endorsement HO 32 83 04 25 has been included.

As mentioned above, these changes will be effective for a new business effective on or after April 15, 2025.

Yours truly,

Paul Driscoll  
Vice President of Underwriting

**RULE A5.  
PRIMARY INSURANCE COVERAGE**

**A. Endorsement DP 32 83 – DP 00 02 And DP 00 03**

Use the Primary Insurance Coverage Endorsement specified above only with a Massachusetts Property Insurance Underwriting Association (MPIUA) policy insuring a dwelling building covered under Coverage **A**,

This endorsement replaces the Other Insurance Condition in the policy form and makes the MPIUA policy primary insurance for the insured property specified on the endorsement. Primary Insurance may be written for Coverage **A**. When a Primary Insurance Endorsement is not attached to the policy, the Other Insurance Condition in the policy form is unchanged.

**Eligibility for the Primary Insurance Coverage Endorsement is limited to risks where 90% of the replacement value is greater than \$1,000,000. The Primary Insurance Coverage Endorsement and this rule are mandatory when 90% of replacement value is greater than \$1,000,000. .**

**Proof of the excess coverage policy will be required within 30 days of the policy effective date or else the Primary Insurance Coverage Endorsement will be removed as of the effective date and the Actual Cash Value Endorsement (DP 04 76) will be attached to the policy as of the effective date.**

**B. Premium Computation**

**1. Primary Insurance**

- a. For DP 00 02 or DP 00 03 when the 90% of replacement value is greater than \$1,000,000 divide \$1,000,000 by the replacement value. The result is the "Percent of Total Value"
- b. Go to the First Loss Table below and select the factor in Column 2 that corresponds to the "Percent of Total Value" computed in Paragraph 1.a., use interpolation to determine the factor for any percentage not listed.
- c. Multiply the total value of the dwelling by the factor selected in Paragraph 1.b.
- d. Use the resulting product as the limit for computing the Coverage **A** premium.

**2. Coverage A Example**

Replacement Value of Dwelling: \$5,000,000

Primary Policy – Coverage **A** Limit: \$1,000,000

- a. Divide Coverage **A** Limit by Replacement Value limit ( $\$1,000,000/\$5,000,000 = 20\%$  or 20.00 Percent of Total Value).
- b. Find Factor that corresponds to Percent of Total Value.
- c. Multiply Replacement Value by Factor from Column 2 ( $\$5,000,000 (.655) = \$3,275,000$ ).

- d. Use resulting product to compute Coverage **A** premium (Rate the policy as if \$3,275,000 is the Coverage **A** limit to be insured).

**Note: This procedure is used to determine the appropriate exposure basis for primary insurance. It does not increase the amount of coverage available.**

**Premium Computation Example:**

MPIUA - Dwelling Form 3, Barnstable County, Year Built 1996, Frame Construction, Protection Class 3, Territory 37, Deductible Type = Named Storm 2% All Other Peril \$2,500. Estimated Building Replacement Cost = \$1,227,000, Coverage E Personal Liability \$300,000, Personal Property Replacement Cost, Local Fire Alarm (smoke detectors)

To determine the limit to rate in Primary Excess scenario, divide the \$1,000,000 by the Total Replacement Cost (RC) (e.g.  $\$1,000,000 / \$1,227,000$  is 81.5%)

Using the percentage of Total RC, find the value of the on the First Loss Table. MPIUA interpolates if the percentage is not a whole number. (e.g. 81.5 falls between 81 and 82 so interpolation is needed.

Multiply the First Loss Table Factor by the Total RC and round to the nearest \$100. This is the limit you will use to rate the risk. It represents the appropriate exposure basis for primary insurance. It does not increase the amount of insurance available under the MPIUA policy.

**Primary Excess**

Form	HO 3
Year Built	1980 (No Credit)
Protection Class	3
Territory	37
Deductible	2% NSD/ \$2,500 AOP
Estimated Total Replacement Value	\$1,227,000
MPIUA Maximum Limit	\$1,000,000
Excess Insurance Required	\$227,000
MPIUA % of Total Replacement Value	81.50%
First Loss Table "% of Total Value Factor" (Interpolation below)*	0.915
New Value	\$1,122,705
New Value rounded to Nearest 100	\$1,122,700

**RULE A5.  
PRIMARY INSURANCE COVERAGE (Cont'd)**

**\*First Loss Limit Factor Interpolated**

Steps

B1	Low Limit Factor (81%)		0.913
B2	High Limit Factor (82%)	-	0.917
B3	Difference	=	-0.004
B4	Difference Policy Limit minus Low Chart Limit Per 1,000 ( $81.5 - 81 = 0.5 / 1,000$ )	+	0.0005
B5	Difference Chart Limit Per 1,000 ( $82 - 81 = 1 / 1000$ )	=	0.001
B6	$B3 \times B4 / B5$	=	-0.002000
B7	Low Limit B1 minus B6	=	0.915000
B8	Round to 3 digits		0.915

**Develop the Base Premium in accordance with Rule 301. For the Coverage A limit of \$1,122,700**

**RULE A5.  
PRIMARY INSURANCE COVERGE Cont'd)**

**FIRST LOSS TABLE**

(Used When Primary Coverage Provided)

<b>% Of Total Value</b>	<b>Factor</b>
1.00	.224
1.10	.229
1.20	.235
1.30	.241
1.40	.247
1.50	.252
1.60	.258
1.70	.264
1.80	.270
1.90	.275
2.00	.281
2.10	.284
2.20	.287
2.30	.290
2.40	.293
2.50	.296
2.60	.298
2.70	.301
2.80	.304
2.90	.307
3.00	.310
3.10	.316
3.20	.321
3.30	.327
3.40	.333
3.50	.339
3.60	.344
3.70	.350
3.80	.356
3.90	.362
4.00	.367
4.10	.373
4.20	.379
4.30	.385
4.40	.390
4.50	.396
4.60	.402
4.70	.408
4.80	.413
4.90	.419
5.00	.425
6.00	.448
7.00	.471
7.50	.482
8.00	.494
9.00	.517

<b>% Of Total Value</b>	<b>Factor</b>
10.00	.540
11.00	.551
12.00	.563
13.00	.574
14.00	.586
15.00	.597
16.00	.609
17.00	.620
18.00	.632
19.00	.643
20.00	.655
21.00	.660
22.00	.678
23.00	.689
24.00	.701
25.00	.712
26.00	.720
27.00	.721
28.00	.734
29.00	.741
30.00	.748
31.00	.756
32.00	.763
33.00	.770
34.00	.773
35.00	.776
36.00	.780
37.00	.784
38.00	.788
39.00	.792
40.00	.795
41.00	.799
42.00	.802
43.00	.804
44.00	.808
45.00	.811
46.00	.815
47.00	.818
48.00	.821
49.00	.824
50.00	.827
51.00	.830
52.00	.832
53.00	.834
54.00	.837
55.00	.839

<b>% Of Total Value</b>	<b>Factor</b>
56.00	.841
57.00	.844
58.00	.846
59.00	.848
60.00	.850
61.00	.853
62.00	.855
63.00	.857
64.00	.860
65.00	.862
66.00	.864
67.00	.867
68.00	.869
69.00	.871
70.00	.873
71.00	.876
72.00	.878
73.00	.880
74.00	.883
75.00	.885
76.00	.890
77.00	.894
78.00	.899
79.00	.903
80.00	.908
81.00	.913
82.00	.917
83.00	.922
84.00	.926
85.00	.931
86.00	.936
87.00	.940
88.00	.945
89.00	.949
90.00	.954
91.00	.959
92.00	.963
93.00	.968
94.00	.972
95.00	.977
96.00	.982
97.00	.986
98.00	.991
99.00	.995
100.00	1.000

