



# MASSACHUSETTS PROPERTY INSURANCE UNDERWRITING ASSOCIATION

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March 12, 2025

TO: All Massachusetts Producers

Re: **Homeowners Policy Program (HO 2000 Program) New Rule – Rule A9. Primary Insurance Coverage – Forms HO 00 02 and HO 00 03 and New Endorsement form Coverage A Dwelling Homeowners Endorsement HO 32 02 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 A9. Primary Insurance Coverage – Forms HO 00 02 and HO 00 03 and new Endorsement form Coverage A Dwelling Homeowners Endorsement HO 32 02 04 25.

The new Primary Insurance for Coverage A Dwelling Homeowners Endorsement HO 32 02 04 25 to be used with Homeowners HO 00 02 and HO 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, unless the Special Loss Settlement Endorsement (HO 04 56) is attached to the policy.

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 policy effective date, and, if eligible, either the Special Loss Settlement Endorsement (HO 04 56) or the Actual Cash Value Endorsement (HO 04 81), as appropriate, will be attached to the policy as of the effective date.

Enclosed is Homeowners Policy Program MPIUA Exception Pages (MPIUA-HO-EXC-8 to MPIUA-HO-EXC-10) which details the newly introduced Rule A9. The Premium Computation Rule and Premium Computation Examples have also been provided under Rule A9.B. Also a copy of the new Endorsement form Coverage A Dwelling Homeowners Endorsement HO 32 02 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 A9.  
PRIMARY INSURANCE COVERAGE**

**A. Endorsement HO 32 02 – HO 00 02 And HO 00 03**  
Use the Primary Insurance Coverage Endorsement, specified above, only with a Massachusetts Property Insurance Underwriting Association (MPIUA) policy. This endorsement replaces the Other Insurance Condition in the policy form and makes the MPIUA policy primary insurance for the insured property. 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, unless the Special Loss Settlement Endorsement (HO 04 56) is attached to the policy.**

**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 policy effective date, and, if eligible, either the Special Loss Settlement Endorsement (HO 04 56) or the Actual Cash Value Endorsement (HO 04 81), as appropriate, will be attached to the policy as of the effective date.**

**B. Premium Computation**

**1. Primary Insurance**

- a. For **HO 00 02 or HO 00 03** when 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 provided and select the factor in Column 2 that corresponds to the "Percent of Total Value" computed in Paragraph a., use interpolation to determine the factor for any percentage not listed in the table.
- c. Multiply the total value of the dwelling by the factor selected in Paragraph b.
- d. Use the resulting product as the limit for computing the 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) (65.5) = \$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 - Homeowners 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 \$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	<b>\$1,227,000</b>
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 A9.**  
**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	B3xB4/B5	=	-0.002000
B7	Low Limit B1 minus B6	=	0.915000
B8	Round to 3 digits		0.915

Follow the usual rating steps from here

**Rating Steps**

Territory 37 Base Class Premium		\$835
Form Factor	x	1.00
Adjusted Base Premium	=	835
Protection/Const Factor (Prot 3)	x	0.98
Adjusted Base Premium	=	818
Mitigation Credit Factor (None)	x	1.00
Key Premium	=	818
Key Factor (\$1,122,700)	x	7.635
Base Premium	=	6,245
Personal Property RC (HO 04 90)	x	1.15
Adjusted Premium	=	7,182
Premesis Alarm Credit (HO 04 16)	x	0.98
Adjusted Premium	=	7,038
Deductible 2% NSD / \$2,500 AOP	x	0.726
Adjusted Premium	=	5,110
Coverage E Personal Liability	+	16
Total Premium	=	\$5,126

**RULE A9.  
PRIMARY INSURANCE COVERAGE (Cont'd)**

**FIRST LOSS TABLE**

(Used When Primary Coverage Provided)

<b>% Of Total Value</b>	<b>Factor</b>
1.00	22.4
1.10	22.9
1.20	23.5
1.30	24.1
1.40	24.7
1.50	25.2
1.60	25.8
1.70	26.4
1.80	27.0
1.90	27.5
2.00	28.1
2.10	28.4
2.20	28.7
2.30	29.0
2.40	29.3
2.50	29.6
2.60	29.8
2.70	30.1
2.80	30.4
2.90	30.7
3.00	31.0
3.10	31.6
3.20	32.1
3.30	32.7
3.40	33.3
3.50	33.9
3.60	34.4
3.70	35.0
3.80	35.6
3.90	36.2
4.00	36.7
4.10	37.3
4.20	37.9
4.30	38.5
4.40	39.0
4.50	39.6
4.60	40.2
4.70	40.8
4.80	41.3
4.90	41.9
5.00	42.5
6.00	44.8
7.00	47.1
7.50	48.2
8.00	49.4
9.00	51.7

<b>% Of Total Value</b>	<b>Factor</b>
10.00	54.0
11.00	55.1
12.00	56.3
13.00	57.4
14.00	58.6
15.00	59.7
16.00	60.9
17.00	62.0
18.00	63.2
19.00	64.3
20.00	65.5
21.00	66.0
22.00	67.8
23.00	68.9
24.00	70.1
25.00	71.2
26.00	72.0
27.00	72.1
28.00	73.4
29.00	74.1
30.00	74.8
31.00	75.6
32.00	76.3
33.00	77.0
34.00	77.3
35.00	77.6
36.00	78.0
37.00	78.4
38.00	78.8
39.00	79.2
40.00	79.5
41.00	79.9
42.00	80.2
43.00	80.4
44.00	80.8
45.00	81.1
46.00	81.5
47.00	81.8
48.00	82.1
49.00	82.4
50.00	82.7
51.00	83.0
52.00	83.2
53.00	83.4
54.00	83.7
55.00	83.9

<b>% Of Total Value</b>	<b>Factor</b>
56.00	84.1
57.00	84.4
58.00	84.6
59.00	84.8
60.00	85.0
61.00	85.3
62.00	85.5
63.00	85.7
64.00	86.0
65.00	86.2
66.00	86.4
67.00	86.7
68.00	86.9
69.00	87.1
70.00	87.3
71.00	87.6
72.00	87.8
73.00	88.0
74.00	88.3
75.00	88.5
76.00	89.0
77.00	89.4
78.00	89.9
79.00	90.3
80.00	90.8
81.00	91.3
82.00	91.7
83.00	92.2
84.00	92.6
85.00	93.1
86.00	93.6
87.00	94.0
88.00	94.5
89.00	94.9
90.00	95.4
91.00	95.9
92.00	96.3
93.00	96.8
94.00	97.2
95.00	97.7
96.00	98.2
97.00	98.6
98.00	99.1
99.00	99.5
100.00	100.0

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## PRIMARY INSURANCE FOR COVERAGE A – DWELLING – MASSACHUSETTS

It is agreed that the policy is amended as follows:

### SECTION I – PROPERTY COVERAGES

#### E. Additional Coverages

The last paragraph of **3. Trees, Shrubs And Other Plants**, **4. Fire Department Service Charge** and **11. Ordinance Or Law (HO 00 02 and HO 00 03)** is replaced by the following:

Payment under this coverage reduces the limit of liability that applies to the damaged covered property by the amount paid for the same loss.

### SECTION I – CONDITIONS

Paragraph **F. Other Insurance And Service Agreement** is replaced by the following:

#### F. Other Insurance And Service Agreement

If a loss covered by this policy is also covered by:

1. Other insurance, the insurance for the property covered under Coverage **A – Dwelling** shall be primary over any other valid and collectible insurance available to you; or

2. A service agreement, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

All other provisions of this policy apply.