The Homeowners policy, introduced in September 1950, represented a pivotal advancement in the insurance sector, achieving significant growth and establishing itself as a crucial element of property insurance by 1960, with around $770 million in premiums written. This policy was the first multiple line dwelling package with an indivisible premium in the U.S., although similar policies had existed in Great Britain. The development of the Homeowners policy was shaped by the fragmented nature of the U.S. insurance market, where companies typically focused on narrow fields like fire insurance. Regulatory changes and the formation of the Multiple Line Underwriting Committee in 1943 facilitated the transition to multiple line policies, culminating in the legal ability to write such policies in 1949. The first Homeowners policy, filed by the Insurance Company of North America, combined various coverages—fire, extended coverage, theft, personal liability, and medical payments—into a single contract, aiming to provide broader coverage and significant savings for policyholders while addressing the high fixed costs associated with small policies. The advantages of this multiple line policy included simplified coverage, cost savings, and the potential to reach under-insured property owners, although initial coverage options were limited.

The policy filing emphasized the necessity for a rating plan to support this new policy type, highlighting the indivisible package premium and a 20% discount from the sum of individual component premiums, justified by reduced handling costs. The Homeowners insurance structure includes various forms, such as the Homeowners Multiple Form, Intermediate Policy, and Comprehensive Policy, with the Multiple Form providing coverage for fire, theft, and liability, and an average premium estimated at $75 for a term of 2.4 years. The permissible expense ratio is set at 37.33%, allowing for a loss ratio of 57.67%. The document notes that packaging policies can enhance risk selection and reduce losses, estimating a 10% reduction in losses compared to individual policies. The Intermediate Policy expands coverage options and liability, while the Comprehensive Policy offers higher limits and broader theft protection, including worldwide coverage for personal property.

The policies are designed to be self-rating, with a statistical plan to monitor premium adequacy over time, and the establishment of the Multiple Peril Insurance Rating Organization (MPIRO) aimed to standardize rating and filing practices across the industry. The MPIRO's Dwelling Committee developed a named peril policy that includes mandatory coverage amounts ranging from $8,000 to $50,000 for dwellings, with additional coverages expressed as percentages of the dwelling amount. The policies are intended for a three-year term to balance responsiveness and administrative costs, with the initial rating plan based on existing coverage costs and future adjustments based on statistical data.

The comprehensive homeowners coverage plan anticipates savings of 20% divided equally between expenses and losses, with expense savings derived from the comparison of costs between a single policy and multiple policies needed to replicate coverage. Premiums are computed based on various classifications, with specific rates for different coverage components, and an installment payment plan is recommended, charging 3.5% of the premium over three installments. The policy allows for credit for existing insurance, suggesting cancellation as the simplest solution, but offering an 80% credit on unearned premiums for those who choose not to cancel. The policy underwent thorough evaluation, leading to the introduction of "Homeowners Policy A" and "Homeowners Policy B," with distinctions in coverage and premium structures, and a "floor" plan was established to ensure premiums did not fall below those for specific fire coverages.

In July 1954, the Inter-Regional Insurance Conference recommended adopting an "All Physical Loss" form to enhance the standard fire policy, leading to coverage similar to the SHO policy. By March 1956, MPIRO announced its Homeowners C policy, which offered competitive coverages and premiums. The evolution of homeowners insurance continued with the introduction of various policies, including tenants policies and endorsements for additional coverage options. The Homeowners policies underwent premium changes due to competitive pressures, and by 1956, MPIRO and Interbureau merged to form the Multi-Peril Insurance Conference (MIC), which aimed to develop a single package policy that combined the simplicity of Homeowners with the flexibility of the CDP.

The Homeowners insurance policy has evolved significantly, with various companies implementing new procedures and features that have influenced the industry. The merit rate principle, which offers discounts for claim-free renewals, was first adopted in Massachusetts in 1958 and has since spread to other states. Despite pressures for change, many foundational aspects of the Homeowners package, such as the fixed percentage relationship between contents and building amounts, indivisible premiums, and loss breakdowns, have remained consistent. By 1960, the Homeowners insurance market had reached a premium volume of approximately $750 million, indicating its widespread acceptance. However, concerns regarding the sustainability of personal multiple line business have emerged due to recent rate reductions, and while the effective rate for certain policy forms has increased, the overall impact of these changes has been mixed.

The document provides a detailed overview of homeowners' insurance experience over its first decade, focusing on statistical data related to premiums, losses, and incurred ratios. It details written and earned premiums, incurred losses, and loss ratios for different years, showing fluctuations in premiums and losses. The summary of loss ratios across different forms of insurance coverage reveals varying performance, with insights into the industry's development and challenges. Overall, the Homeowners insurance line has demonstrated resilience and profitability, with a promising outlook for continued interest and growth in the coming years.