

# INSURANCE COMPANIES DEPRECIATION GUIDE

## DIRECTIONS FOR USE & GENERAL INFORMATION

This is only a GUIDE - on any questionable area, contact the claim department for assistance.

- The most important factor in determining depreciation is good judgment. Depreciation will vary with usage which, in turn, varies with each family. Determination of the value of an article which is lost, damaged or destroyed requires consideration and reporting of all pertinent factors, including the quality of the articles, model, brand, extent of wear and tear, and the extent to which the article had been used prior to the incident which generated the claim. A depreciation guide or schedule is to be used in conjunction with other indications of value including visual inspection, wherever possible.
- Figure depreciation to the nearest dollar.
- Despite age, all items have some value remaining. Do not depreciate more than 80% if the item is still useable for its intended purpose. Property that is worn out has no value, except scrap and salvage.

- Better materials or workmanship may depreciate at a slower rate.
- Some items, such as major appliances or clothing, actually have a greater rate of depreciation the first year than in the following years.
- It is important to try and reach an harmonious agreement. Therefore, establish the reasonable useful life first, the actual age second, and negotiate the settlement accordingly.
- Do not hesitate to call local dealers for confirmation of depreciated values.
- Deviations may be made, provided they are properly explained.
- Recent major repairs may add to otherwise depreciated value.

### FOR FURTHER REFERENCE:

- Agents Service Text: Volume 2 — F&C — Section 12 Claims
- Auto Claim Manual — Collision Section
- Fire and Casualty O.G. 75-50
- CHECK WITH CLAIM DEPARTMENT

### ARTICLES WHICH DO NOT DETERIORATE APPRECIABLY.

Normally no depreciation will be charged against articles composed of highly durable materials such as gold, silver, platinum, or other precious metals, or slate, stone, or concrete when a part of household goods unless evidence indicates otherwise.

**SLOWLY DEPRECIATING ARTICLES.** The value of articles composed of moderately durable materials such as the common metals, wood, or high-grade plastics, will normally be depreciated at 4% per year.

**MODERATE DEPRECIATING ARTICLES.** Articles composed of non-durable materials such as wicker, leather, most plastics and fur, will be depreciated 10% to 25% per year.

**RAPIDLY DEPRECIATING ARTICLES.** Articles composed of rapidly deteriorating material and articles affected by changes in style or fashion will be depreciated at a much higher rate. Certain style changes in clothing have the effect of lowering the value of the items drastically despite the fact that the material itself may not be worn excessively.

## HOUSEHOLD GOODS AND PERSONAL PROPERTY

Item	Average Useful Years	Average % Value Reduces Each Year
<b>A</b>		
Air Cleaners/Electronic	12	8
Air Conditioners (Window)	10	10
Athletic Equipment (Gloves, etc.)	5	20
<b>Audio</b>		
Audio components — Receivers	8	13
Compact disk players	10	10
Compact Discs (CD's)		
Dealers advise that CD's reduce 50% in value immediately after it is purchased and the seal is broken. Unlike stereo tapes, they do not deteriorate.		
Compact Audio/HIFI Systems	8	13
Portable Personal Stereos	5	20
Radio (console, portable, table)	10	10
Record Player	10	10
Recorder (Tape or Wire)	10	10
Records (33 & 45 stereo)		
(Use 75% of Replacement cost)		
(Use 33% of Replacement cost)		
(75 rpm)		
<b>Stereo Tapes</b>		
Two factors are involved in depreciation of stereo tapes. Obsolescence is the greatest factor in value reduction as music passes its popularity peak. Dealers advise that a stereo tape reduces 50% in value immediately after it is purchased and the seal is broken. The other factor is deterioration resulting from temperature changes and stretching of the tape after a reasonable playing period.		
(If loss occurs within first three months after purchase date, use 75% of replacement cost. Fourth month and each month thereafter up to 14 months, subtract an additional 5% per month, e.g., use 75% for fourth month...85% for fifth month...use 20% for 14th month and thereafter.		
<b>B</b>		
Barbecue Sets (Grills)	8	12
Barometer	25	4
<b>Bedding</b>		
Blankets (Cotton)	5	20
Blankets (Electric)	7	14
Blankets (Wool)	10	10
Box Springs	20	5
Comforters	8	20
Mattresses	20	5
Mattresses Covers or Pads	5	20
Quilts	20	5
Spreads	3	33
Bicycles	5	20
Billfold	5	20
Binoculars	20	5
Blender or Mixer (Electric)	13	8
Boats	10	10
Bookcases	20	5
<b>Books</b>		
Fiction and Non-Fiction		(Use 50% of Replacement cost)
Paperback		(Use 50% of Replacement cost)
Professional or Reference	25	4
Box springs (See Bedding)		
Boxes (Cigarette, Collar, Jewel)	20	5
Breadmaker	3	33
Brick-a-Brac		(Use 75% of Replacement cost)
<b>Briefcases (See luggage)</b>		
Brollers (Electric)	11	9
Brushes (Clothes & Hair)	20	5
Bug Killers	4	25
<b>C</b>		
Calculator	10	10
Camping Equipment	10	10
Can Opener (Electric)	8	17
<b>Carpets and Rugs (Cost New)</b>		
\$ 5.95 per yard or less	7	14
\$ 5.96 — \$ 9.95 per yard	10	10

Item	Average Useful Years	Average % Value Reduces Each Year
\$ 9.96 — \$12.95 per yard	12	8
\$12.96 — \$20.95 per yard	15	7
\$20.96 per yard and above	17	6
Genuine Orientals	25	4
C.B. Radios	8	12
<b>Chairs (See Furniture)</b>		
<b>China and Glassware</b>		
(Also See Kitchen Utensils)		
(Use actual value or 90% Replacement cost, whichever is less)		
(Use actual value or 90% Replacement cost, whichever is less)		
Crockery, Crystal, Plastic, Pottery		
Cigarette Lighter	10	10
Clocks		
Electric	15	7
Grandfather	30	3
Other — Over \$25 (Cost New)	20	5
Other — Under \$25 (Cost New)	10	10
<b>Cloth Yard Goods</b>		
(Use 90% of replacement cost)		
<b>Clothes Brushes (See Brushes)</b>		
Clothes Hamper	5	20
<b>Clothing</b>		
Bathing Suits	2	50
Bathrobes		
Lightweight	2	50
Heavy or quilted	3	33
Wool	3	33
Blazers		
Cotton and blends	3	33
Imitation suede	3	33
Wool	4	25
Blouses	3	33
Caps	5	20
<b>Coats and Jackets (Outerwear)</b>		
Children's	2	50
Cotton and blends	3	33
Fur	10	10
Imitation fur or suede	3	33
Leather and suede	3	33
Plastic	4	25
Ski	2	50
Wool	4	25
Children's Clothing (all but shoes)	2	50
Choir Robes	6	17
<b>Dresses</b>		
Casual	2	50
Office	3	33
Silk	2	50
<b>Evening</b>		
High fashion	3	33
Basic	5	20
Formal wear	5	20
Gloves		
Fabric	1	100
Leather	2	50
Handkerchiefs, Pajamas	3	33
Hats		
Men's	5	20
Women's	2	50
Pocketbooks, Purses		
Leather	3	33
Fabric	2	50
<b>Rainwear &amp; Windbreakers</b>		
Film and plastic coated	2	50
Fabric, lined and unlined	3	33
Rubber and plastic	3	33
<b>Shirts</b>		
Dress	3	33
Sports	2	50
Wool or silk	2	50
<b>Shoes</b>		
Adults'	3	33
Children's	1	100
Shirts	2	50
Slacks		
Lounging and active sport	2	50
Dress	3	33
Socks	1	100

Item	Average Useful Years	Average % Value Reduces Each Year
<b>Sport coats</b>		
Cotton & synthetic blends	3	33
Imitation suede*	3	33
Wool and wool blends	4	25
<b>Suits</b>		
Cotton and synthetic	2	50
Summer weight wool	3	33
Imitation suede*	3	33
Silk	3	33
Washable	2	50
Winter weight wool	4	25
Sweaters	3	33
Underwear		
Foundation garments	1	100
Lingerie	1	100
Panties	1	100
Silks	2	50
Uniforms	1	100
Vests	2	50
<b>Coffemaker</b>		
Percolator	10	10
Drip	5	20
<b>Coin Collection</b>		
(Face value or actual numismatic value is substantiated)		
Compactor	10	10
<b>Computers</b>		
Large & Special Purpose	4	25
Personal	6	17
Convection Oven (countertop)	12	8
Corn Popper	11	9
Cosmetics		(Use 90% of Replacement cost)
Curling Iron/Styling Comb	5	20
Curtains	3	33
<b>D</b>		
Dehumidifier	14	7
<b>Desk (See Furniture)</b>		
<b>Dictation Machines (See Office Equipment)</b>		
Dishwasher	10	10
Disposals	11	9
<b>Draperies</b>		
Lined	15	20
Unlined and Fiberglass	4	25
Sheet	3	33
Dryer (Laundry)	12	8
<b>E</b>		
<b>Eye Glasses</b>		
<b>F</b>		
<b>Fans</b>		
Attic (See Building Items)		
Electric	10	10
<b>Figurines</b>		
(Use actual cash value or replacement cost whichever is less)		
Firearms	20	5
Fishing Equipment	20	5
<b>Flashlights</b>		
(Use actual cash value or 90% of Replacement cost whichever is less)		
Floor Polisher (electric)	15	7
Food Processor	12	8
<b>Food Supplies</b>		
Beverages and Staples		(Use Replacement cost)
Canned (Commercial or Home)		(Use Replacement cost or equivalent Commercial value, whichever is less)
Freezer (Chest or Upright)	15	7
Frying Pan (Electric)	14	7
<b>Furniture (Also See Lawn Furniture)</b>		
Bentwood Chairs		
(Rattan or Wicker)	5	20
Card tables, Chairs (Heavy), Chrome, Plastic	16	10
Children's	5	20
Desks and Tables	20	5
Office Fixtures, Furniture		
Cabinets, Filing Cases and		
Files	20	5
Slipcover	3	33

Item	Average Useful Years	Average % Value Reduces Each Year
Upholstered Furniture	10	10
Wood Furniture	15	7
<b>G</b>		
Garden Tools (Edger, Hoe, Hose, Rake, Shovel, Sprinkler, Wheelbarrow)	10	10
Golf Clubs and Equipment	10	10
Grills and Griddles	11	9
<b>H</b>		
Hair Brushes (See Brushes)		
Hair Dryer (Electric)	5	20
Hand Vibrator (Electric, Massage)	10	10
Heater (Electric)	9	11
Heating Pad (Electric)	9	11
Home Fitness Equipment	10	10
Hot Plate (Electric)	12	8
Humidifier	5	20
<b>I</b>		
Ironer or Mangle	10	10
Ironing Board	15	7
Ironing Board Cover	2	50
Irons (Electric Including Steam)	9	11
<b>J</b>		
<b>Jewelry</b>		
Bracelets, Brooches, Cuff Links, Earrings, Necklaces, Other Jeweled or Precious Metal Items, Pins, Rings, Studs, Watches	20	5
Costume Jewelry	5	20
<b>K</b>		
<b>Kitchen Equipment</b>		
Cast Iron, Copper, Good Cutlery, Heavy Aluminum, Stainless Steel	20	5
Pressure Cooker	15	7
Everyday Dishware and Miscellaneous Utensils (Also see China and Glassware)	5	20
Knife (Electric)	11	9
Knife Sharpener (Electric)	10	10
<b>L</b>		
<b>Ladders</b>		
Lamps	20	5
Bulbs (Sun Lamp Only)	3	33
Desk and Floor	10	10
Incandescent or Sun	15	7
Shades	5	20
Lawn Edgers, Hedge Clippers and Trimmers (Electric)	7	14
<b>Lawn Furniture</b>		
Aluminum or Steel	5	20
Fabric	3	33
Redwood	10	10
Wrought Iron	20	5
<b>Lawn Mowers</b>		
Power	5	20
Push Type	10	10
Riding	7	14
Lawn Rollers	20	5
Lawn Umbrella	3	33
<b>Linens (Dollies, Luncheon Sets, Napkins, Table Cloths)</b>		
Irish Types	20	5
Other	5	20
<b>Luggage (Briefcases, Suitcases and Trunks)</b>		
	20	5
<b>M</b>		
<b>Mattress covers and Pads (See Bedding)</b>		
<b>Mattresses and Box Springs (See Bedding)</b>		
Medicines	3	33
Microwave Ovens	11	9
Mirrors	20	6
Mixers, Electric	18	6
Mowers (See Lawn Mowers)		
Music Boxes	10	10
<b>Musical Instruments</b>		
Under \$50 (Cost New)	5	20
\$50-\$250 (Cost New)	10	10

Item	Average Useful Years	Average % Value Reduces Each Year
Over \$250 (Cost New) including Pianos	25	4
<b>O</b>		
<b>Office Cabinets and Files (See Furniture)</b>		
<b>Office Equipment</b>		
(Miscellaneous)		
Addressing & Mailing Machines	15	7
Billing Machines	8	13
Bookkeeping Machines	8	13
Cases (Book & Display)	20	5
Check Perforators	10	10
Check Writers	8	13
Calculators	10	10
Duplicating Machines	10	10
Dictation Equipment, Portable	8	13
Dictation Equipment Systems	6	17
Facsimile Equipment	4	25
Folding & Sealing Machines	10	10
Lockers	25	4
Money Changing Machines	10	10
Scales, Counter & Mail	10	10
<b>Oil Paintings (Use Commercial value)</b>		
Ornaments and Decorations (Use 75% of Replacement cost)	10	10
<b>Outboard Motors</b>		
	10	10
<b>P</b>		
<b>Photograph Albums and Pictures</b>		
		(Use Cost of Materials only)
<b>Photographic Equipment</b>		
\$50 or less (Cost New)	10	10
Over \$50 (Cost New)	20	5
<b>Photographic Supplies (Use 75% of Replacement cost)</b>		
Picture Frames	20	5
Pipes (Smoking)	10	10
Playground Equipment	10	10
Pocketknives	10	5
<b>Professional Equipment (Use Commercial value)</b>		
<b>Q</b>		
<b>Quilts (See Bedding)</b>		
<b>R</b>		
<b>Ranges &amp; Hoods</b>		
Refrigerator	14	7
Roaster (Electric)	15	7
10	10	10
<b>Rugs and Carpet (See Carpets and Rugs)</b>		
<b>S</b>		
<b>Safes and Vaults</b>		
Scales (Bathroom)	50	2
Scrapbooks	10	10
<b>(Use Cost of Materials Only)</b>		
Sewing Machine	24	4
Shades	10	10
Shaver (Electric)		
Men's	3	33
Women's	5	20
Shovel (See Garden Tools)		
Silverware (Plated)	25	4
Silverware (Sterling)		(Use 90% of Replacement value)
Skating Equipment	5	20
Slicers (Electric)	12	8
Slipcovers (See Furniture)		
Slowcookers	8	13
Snowblowers or Blowers	10	10
Space Heater	15	7
Stationary		(Use 90% of Replacement cost)
Stoves or Ranges	14	7
Suitcases (See Luggage)		
<b>T</b>		
<b>Tablecloths (See Linens under bedding)</b>		
<b>Tables (See Furniture)</b>		
Telephones Answering Devices	5	20
Telephones, cordless	10	10
Television Antenna	6	17

Item	Average Useful Years	Average % Value Reduces Each Year
Tennis Rackets	5	20
Toaster (Electric)	8	13
Toiletries (Personal Items)		(Use 90% Replacement cost)
<b>Tools</b>		
Hand		(Per agreement with insured)
Power	10	10
Toothbrush (Electric)	4	25
Towels	3	33
<b>Toys</b>		
Electric Train and Games	10	10
Miscellaneous Toys	2	50
Scooter or Tricycle	10	10
Trophy (Personal)	25	4
<b>Trunks (See Luggage)</b>		
<b>Typewriters</b>		
Home	20	6
Office	5	20
<b>U</b>		
Umbrella	5	20
<b>V</b>		
<b>Vacuum Cleaner</b>		
Home	15	7
Office	6	17
Vaporizer	10	10
Vases		(Use Commercial Value)
Vibrator Chair (Mechanism Only)	10	10
<b>Video</b>		
Camcorder	7	14
Projection Systems, TV	7	14
Television Set		
Color	12	8
Black/White	11	9
Picting Tube (Only)	5	20
VCR (Video Cassette Recorder)	6	17
Video Disk Player	6	17
Video Disk (See compact disks under Audio)		
Video Tapes		
Home Movies	3	33
Purchased Movies	3	33
Video Game Systems	5	20
Video Games	3	33
<b>W</b>		
Waffle Iron	15	7
Washer (Automatic)	11	9
Wheelbarrows (See Garden Tools)		
<b>Y</b>		
Yard Goods (Cloth)		(Use 90% of Replacement cost)
<b>BUILDING ITEMS</b>		
Air-conditioners, unitary	13	8
Awnings (Cloth)	5	20
Decorating (Interior and Exterior)	8	20
Fans (Attic)	16	6
<b>Furnaces Including Compressors or motors (Coal, Gas, Oil)</b>		
Heat Pumps	20	5
Heat Pumps	12	8
Home Satellite Dish	7	14
Intrusion Systems	13	8
Painting (Interior and Exterior)	5	20
<b>Roofing</b>		
Asphalt Composition		
Shingles	20	5
Flat or Built-up	10	10
Metal	20	5
Wood Shingles	20	3-5
30		
Smoke Detectors	8	13
Smoke/Fire/Intrusion Systems	9	11
Sump Pumps	10	10
Television Tower		(Use Replacement cost)
Traverse Rods	20	5
Venetian Blinds	15	7
Water Heater (Electric, Gas, Oil)	10	10
Water Pumps	10	10

## AUTOMOBILES (BETTERMENT)

This is only a guide. On any questionable items, contact your designated claim reporting office for assistance.

All Betterment deductions must be discernible, measurable, itemized, and explained to the vehicle owner. In every case, the actual condition of the property to be replaced shall take precedence over the published guidelines.

Some states have legislation and/or insurance regulations dealing with betterment. We must comply with all applicable regulations and statutes.

Labor, material costs, and tax are included in betterment calculations.

**Batteries**  
Percentage of replacement cost based on age of battery and warranted useful life. Investigate as to useful life if warranty not known. No betterment first three months. After three months, prorate by month from date of purchase. (75% maximum)

Some retailers sell and will replace a "Life Time" battery at no charge while the purchaser owns the vehicle. As to batteries so warranted, no betterment should be deducted contingent on proof of purchase for the involved vehicle by the owner.

**Engines**  
Betterment should be applied when it can be determined that the complete replacement of the engine with new will measurably increase the value of the vehicle. Each vehicle loss should be handled on its merits. Mileage guidelines should not be used. (75% maximum)

**Mechanical Parts**  
Certain mechanical parts such as transmissions, shock absorbers, disc brake pads, brake linings, belts, hoses, and cables will sometimes show evidence of substantial wear or deterioration prior to the loss. If the worn or deteriorated condition is measurable and discernible, a reasonable deduction for betterment may be applied. However, no deduction for betterment should be applied when it can be determined that the damaged part would have served adequately for the remaining useful life of the vehicle.

**Mufflers And Tail Pipes**  
Percentage of replacement costs at time of loss depending on age and condition. Investigate as to useful life if warranty is not known. If the muffler had rust holes prior to loss, it has no value and therefore the cost of replacement is not covered by the policy.

**Paint**  
No betterment on partial paint jobs. On complete paint jobs, betterment should be applied when it can be determined the paint job will measurably increase the value of the vehicle. If betterment applies, after first year by visual inspection not to exceed 20% per year with a 75% maximum.

**Tires**  
**Tread Gauge Basis**  
Percent of replacement cost based on measurement at the point of greatest wear.  
Percentage as read from gauge.

There are two scales on the gauge. The scale on the left indicates the percentage of tread worn from the tire. The scale on the right indicates the amount of remaining tread measured in 32nds of an inch.

Not more than 80% of the replacement cost should be deducted for betterment on tires.  
(Most "standard" passenger car tires have 11/32 of tread depth when new; "premium" tires 14/32).

**Mileage Basis**  
Use when the tire gauge is not possible. Percent of replacement cost is based on mileage driven and useful life of tire. Where there is a specific mileage warranty involved, prorate on that basis. If not specified, use a basis of a 30,000 miles useful life depending on usage and condition. (Recaps 15,000 mile useful life.)

Prorate replacement cost on basis of mileage used. No betterment deduction within first 3,000 miles. After 3,000 miles, take betterment from first mile.

**Tops**  
Convertible, vinyl, or sports car fabric tops of all types. Betterment should be applied when it can be determined the replacement of the top will measurably increase the value of the vehicle.

**Wearing Apparel**  
Percentage of replacement cost at time of loss.

No betterment first three months. After three months, prorate based on age and condition.