

[Cranfield v. State Farm Fire & Casualty Company](#)

Year: 2019

Court: United States Court of Appeals for the Sixth Circuit

Case Number: 19-3004

In its brief, UP argues that labor should not be depreciated in determining actual cash value. The conclusion that labor should not be depreciated does not change regardless of the method of calculating actual cash value (replacement cost minus depreciation or broad evidence rule). UP first outlines the terms “actual cash value,” “replacement cost,” and “depreciation.” Next, UP argues that the question of whether or not labor should be depreciated is a matter of contract interpretation and should be decided as a matter of law. UP argues that labor should not be depreciated since the principle definition of depreciation refers to physical depreciation of materials. Further, other courts have asked insureds to explicitly state whether labor was to be depreciated, and that it is an exception, not the rule. Finally, to the extent policy terms “actual cash value” and “depreciation” are subject to more than one reasonable interpretation, the policy must be interpreted in favor of the policyholder.

This brief was drafted pro bono by William "Chip" Merlin, Jr., of Merlin Law Group