Walker v. Auto-Owners

Year: 2022
Court: Arizona Supreme Court
Case Number: CV-21-0236-CQ

Building owners purchase property insurance to protect themselves if their property is damaged by fire, hail, tornadoes, or other often catastrophic events. In the case of homeowners, adequate payment of insurance policy benefits is often what stands between them and homelessness after a disaster. Insurers have been known to use various strategies to minimize benefit payments after a loss, even though they accepted the policyholder's premium payments. The wrongful depreciation of labor is one of those strategies.

In its brief, UP argues that the cost of labor should not be depreciated. Depreciation of labor results in policyholders not receiving the full amount that they reasonably are entitled to under their actual cash value coverage, and it often results in policyholders also being unable to collect replacement cost value benefits for which they have paid an additional premium. That is an often life-changing loss for the policyholders and provides a windfall to the insurer.

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