

Did you not appreciate how an insurer depreciated your stuff? You're not alone...

If you file an insurance claim for property that's been destroyed, your insurer will value it in one of two ways: Replacement Cost Value (RCV) or Actual Cash Value (ACV). ACV is also known as "depreciated value" because it is based on the **age and condition** of the item at the time of the loss.

Yes, items depreciate over time and with use. A new car has one value, a used car has another. But just how used matters. As used car salesmen famously say: "It was owned by a little old lady who only drove it to church and back on Sundays"...meaning - it may be used but it's in great condition. Condition - not just age - matters to the value of an item.

Yet insurance company adjusters chronically over-depreciate and undervalue destroyed property by using only an item's age and not considering its condition. UP hears from consumers about this problem all the time. Loss victims are often shocked to see the low values adjusters assign to prized possessions that were in good condition at the time of the loss, but devalued by the adjuster due to their age.

Excessive and improper depreciation is a common cause of lowballing and disputes between property owners and insurers. For that reason, UP's "[Depreciation Basics](#)" and [depreciation schedule](#) publications are among our most popular tools for loss victims. And during our Roadmap to Recovery workshops, we always teach and emphasize these principles:

- There is no "official" standard for how much items should be depreciated when calculating ACV.
- Depreciation should be based on the age and condition of each item.
- Depreciation is negotiable.

Earlier this week the California Department of Insurance issued the findings of an audit of State Farm claim files. The audit, known as a "Market Conduct Exam," revealed 78 "alleged" violations on claims where the company failed to consider the condition of items when calculating and applying depreciation.

To read the full report, see [here](#). The Department published findings about the violations, but will not be requiring State Farm to refund money to underpaid claimants. That job falls to the lawyers prosecuting a [related class action suit](#) that can proceed to trial now that the Market Conduct Exam is complete.

This problem is widespread, and State Farm is not the only insurer that's been caught overly depreciating items and failing to consider their condition. Similar suits are pending against CSAA, Allstate and others.

To share your story about excessive depreciation of your property, email info@uphelp.org