How To Claim Recoverable Depreciation

Once you've completed repairs or replacements, here's how to get back the withheld depreciation amount from your insurance company.

Contents & Personal Property

1. Know Your Deadline

Ask your insurance adjuster to provide you with the time limits to recover in writing.

2. Replace Your Items

Buy new items to replace what was damaged or lost.

3. Gather Proof

Gather receipts, order confirmations, and photos of replaced items.

4. Send It In

Submit documentation and request the full recoverable depreciation amounts to be released.

Structure & Repairs

1. Know Your Deadline

Ask your insurance adjuster to provide you with the time limits to recover in writing.

2. Complete the Work

Finish all work and repairs related to the damaged areas.

3. Gather Proof

Gather certificate of completion letters, photos, invoices from contractors, and receipts of purchased materials.

4. Send It In

Submit documentation and request the full recoverable depreciation amounts to be released.

AVNER GAT Inc.
Public Insurance Adjusters

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When your home is damaged and your insurance pays out, you may notice you didn't get the full amount it costs to repair or replace your property.
That's because most insurance companies initially **withhold a portion of your settlement**, called **recoverable depreciation**.

Key Terms to Remember

Replacement Cost Value (RCV)
Total amount it would cost to repair or replace your damaged property today.

Actual Cash Value (ACV)
The depreciated value (RCV minus age/wear-and-tear).

Recoverable Depreciation (RD)
The difference between the RCV and the ACV. You might get it back once you complete repairs or replacements nad provide proof. (Some insurance policies do not allow this - they may only pay cash value.)

Example

Let's say your roof has been damaged. The agreed replacement cost for a new roof is **$10,000**.

Your insurance carrier decides it has depreciated by 30% because of age and declining condition so they pay you **$7,000** now (ACV).

The **$3,000** difference is the recoverable depreciation.

If you can show proof that the roof has been replaced and the work is completed before your deadline, you might get the $3,000 RD back .

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Here are some tips you should keep in mind when thinking about **Recoverable Depreciation**:

Double check your policy to confirm whether you have **replacement cost coverage** (RCV). If not, your depreciation may not be recoverable.

Keep **detailed records and receipts** from the entire claims process and all related expenses.

Don't Delay! If your insurer doesn't receive proof before the deadline, the money may be lost.

If you notice your insurance **depreciating items too aggressively** (e.g. by 60%), it's worth pushing back, especially if the item was in great condition or if it was new.

If you're unsure what to submit, or whether you're eligible to recover more money from your claim, reach out to our team. At Avner Gat, Inc., we help you get every dollar promised to you by your policy.

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Sample Repair Estimate

Summary for Dwelling

1	Line Item Total	42,771.11
2	California Lumber Assessment Fee	31.22
	Material Sales Tax	2,192.26
3	**Replacement Cost Value**	**$44,994.59**
4	Less Depreciation	(1,427.31)
5	**Actual Cash Value**	**$43,567.28**
6	Less Deductible	(1,000.00)
7	**Net Claim**	**$42,567.28**
8	Total Recoverable Depreciation	1,427.31
9	**Net Claim if Depreciation is Recovered**	**$43,994.59**

1. **Line Item Total - $42,771.11**
   This is the total cost of repairs based on the estimate, before fees or taxes

2. **Fees & Taxes**
   These are additional charges added to the repair cost.

3. **Replacement Cost Value (RCV) - $44,994.59**
   This is the full estimated cost to restore or replace the damaged part of your home without any deductions.

4. **Less Depreciation - ($1,427.31)**
   This is the amount withheld by your insurance due to age or condition of materials. This is often recoverable after you complete the work.

5. **Actual Cash Value (ACV) - $43,567.28**
   This is the RCV minus depreciation. It's the initial amount the insurance is willing to pay you before applying your deductible.

6. **Less Deductible - ($1,000.00)**
   This is the amount you're responsible for, based on your policy. It is always subtracted from the payout.

7. **Net Claim (ACV - Deductible) – $42,567.28**
   This is what you actually receive in the first check from your insurance company.

8. **Total Recoverable Depreciation – $1,427.31**
   This is the amount you might get back once you complete the repairs and send in documentation.

9. **Net Payment if Depreciation is Recovered – $43,994.59**
   This is your total final payout if you recover the full depreciation.

In this claim, you were paid **$42,567.28** upfront. If you complete the repairs and send in photos/invoices, we can help you recover the remaining $1,427.31, bringing your total reimbursement to **$43,994.59.**

Step-by-Step Walkthrough of Claim Summary

ESTIMATE SUMMARY

Estimate Name	Materials	Labor	Equipment	Subtotal
Contents	$1,128.78	$0.00	$0.00	$1,128.78
Structure - Revision 3 - KK 4.1	$74,349.91	$17,545.23	$1,155.94	$93,051.08
Total	**$75,478.69**	**$17,545.23**	**$1,155.94**	**$94,179.86**

CLAIM TOTALS

Total taxes:	$1,372.28
Overhead:	$3,043.03
Profit:	$3,043.03
Replacement cost value:	**$101,638.20**
Less costs payable when incurred:	$(6,549.16)
Less Recoverable depreciation (including taxes):	$(2,912.23)
Actual cash value:	**$92,176.81**
Applied deductible:	$(500.00)
Net actual cash value:	**$91,676.81**

Amount payable if depreciation is recovered and costs are incurred:	**$101,138.20**
Additional amount payable if recovered:	$9,461.39

COVERAGE SUMMARY

	RC	Recoverable Depreciation	Paid When Incurred	Applied Deductible	Net ACV	Payable If Recovered
Building (limit: $147,800.00)	**$100,393.74**	$(2,724.95)	$(6,549.16)	$(500.00)	**$90,619.63**	**$99,893.74**
Contents (limit: $18,470.00)	**$1,244.46**	$(187.28)	$0.00	$0.00	**$1,057.18**	**$1,244.46**
	$101,638.20	**$(2,912.23)**	**$(6,549.16)**	**$(500.00)**	**$91,676.81**	**$101,138.20**

Estimate Name
‘**Contents**’ = Personal Belongings
‘**Structure**’ = building or structural repair estimate

Materials
The cost of physical materials needed (e.g., drywall, tile, wood, paint, carpet, etc.)

Labor
The cost for skilled work to install or repair materials (e.g., contractors, roofers, flooring crews)

Equipment
The cost of using any special equipment during repairs (e.g., scaffolding, extraction machines, lifts)

These line items feed into the overall Replacement Cost Value (RCV). You can use this section to spot whether your insurance is allocating fair costs to contents vs. structure. It can also help validate or challenge costs if you're hiring your own contractors.

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CLAIM TOTALS

This section tells you how much you've been paid already and how much is still on the table. You were paid $91,676.81 but you could receive up to $101,138.20 once work is complete and proof is submitted.

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Replacement Cost Value - 'Cost Payable When Incurred' - Depreciation - Deductible =

Replacement Cost Value (RCV)
This is the full estimated cost to repair or replace everything—before any deductions. Includes structure, contents, tax, overhead, and profit.

Less Costs Payable
These are line items that insurance will only pay once you complete the work and prove the cost (e.g., specialty labor, permit fees, etc.).

Less Recoverable Depreciation
This is the total depreciation the insurer has withheld due to age/condition of items. This amount is recoverable after you show proof of repair/replacement.

Actual Cash Value
This is RCV minus depreciation and "paid when incurred" costs. This is the value the insurer agrees to pay before subtracting your deductible.

Applied Deductible
The policyholder's responsibility per the policy terms. Always subtracted from the payout.

Net Actual Cash Value
This is the first check you will receive.

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RC (Replacement Cost)
The total cost to repair or replace each part of the loss before any deductions.

Your payout was split between the building and your contents. Right now, you've been paid $91,676.81 total. If you complete the work and provide receipts, you may recover an additional $9,461.39, bringing your total to $101,138.20.