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From: **Ed Walsh** <ed@fair.claims>

Date: Fri, May 30, 2025 at 3:56 PM

Subject: Support for BULLETIN 25-XX Depreciation of Labor for Claims Settled on an Actual Cash Value Basis

To: <kathryn.callahan1@maryland.gov>

Ms Callahan,

I'm a licensed public adjuster in Maryland. My license number is 3000002222. My firm is The Fair Claims Group, Inc and our license number in Maryland is 3000005025. We have operated in Maryland since 2016 as a public adjusting firm.

I am writing as the owner and CEO of The Fair Claims Group, Inc to support the implementation of Bulletin 25-XX - Depreciation of Labor for Claims Settled on an Actual Cash Value Basis.

I think as a general rule, any bulletin, rule, or law that simply clarifies definitions and expectations of affected parties is a good idea. Because both insurance rules and policies are made of words and open to interpretation, when a specific issue gets clarified, it takes away indecision and confusion.

We have always believed that labor is not something that can be depreciated. As stated in the bulletin, labor not only does not depreciate, but it tends to gain value over time.

There have been several jurisdictions in the US that have adopted that same belief. But many jurisdictions leave the question of depreciation of labor open to interpretation. Although I would disagree if the bulletin stated that labor depreciation was allowed, I would still appreciate the issue being clarified.

This bulletin helps policyholders, and for that we applaud the MIA for considering its adoption.

One last point. From the context of the bulletin, *"Furthermore, any policy that contains language allowing for depreciation of labor must be amended, via endorsement..."* it seems apparent that the bulletin affects all property insurance, even RCV policies that are initially paid on an ACV basis but then later fully settled on a replacement cost basis once the costs have been incurred. But for clarification, it could help to state that all ACV payments, not just ACV-only policies, are affected.

In summary, we support the bulletin because:

- It provides clarity for all parties.
- It protects policyholders by not depreciating labor.

We would recommend:

- Clarifying that it applies to both RCV and ACV policies.

Thanks

Ed

Edmund Peter Walsh SPPA, CPAU, AINS, WRT
CEO

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SPPA = Senior Professional Public Adjuster, The Institutes

CPAU = Certified Property Appraiser and Umpire, Insurance Appraiser and Umpire
Association, Inc. (IAUA)

AINS = Associate in Insurance, The Institutes

WRT = Water Restoration Technician, Institute of Inspection Cleaning and Restoration
Certification (IICRC)