Depreciation of Labor, Freight, and Installation on Contents and Scheduled Equipment

Canonical Web Version: https://restorationintel.com/depreciation-of-labor-freight-and-installation-contents/

Direct Answer: Whether labor, inbound freight, and professional installation can be depreciated in an ACV calculation depends on state insurance regulations, specific policy endorsements, and whether the cost is inseparable from delivering a working replacement asset—requiring estimators to split equipment hardware from setup labor cleanly.

Field Benchmark & Decision Matrix

Cost Component	Examples on Claim	Typical ACV Treatment	Primary Audit Risk	Recommended Line Structure
Base Equipment / Unit	Washer, safe, commercial printer, medical chair	Depreciated by age and pre-loss condition	Wrong model tier or omitted commercial suffix	Dedicated SKU line with rating-plate proof
Inbound Freight & Liftgate	LTL pallet delivery, white-glove stair carry, crating	Varies by carrier/state; often grouped with RCV if inseparable	Unexplained flat shipping fees without vendor quote	Separate freight line backed by carrier/vendor quote
Installation & Calibration	Hardwire electrical, gas line hookup, IT rack setup	Disallowed from depreciation in several states unless endorsed	Burying $1,500 install inside equipment price hides dispute	Break out hourly/flat trade labor onto separate lines
Specialty Rigging / Crane	Heavy safe, commercial freezer, rooftop/loft unit	Evaluated alongside install labor vs equipment RCV	Omitted entirely on initial desk estimate	Attach rigging vendor bid with access photos
Disposal / Haul-Off	Removing burned appliance or hazmat refrigerant recovery	Should NOT be depreciated; governed by debris removal coverage	Software auto-depreciating bundled haul-away	Isolate under debris removal / mitigation scope

Practitioner Operational Takeaways

• Review the policy's ACV definition endorsement and state rules to see whether installation labor is exempt from depreciation.

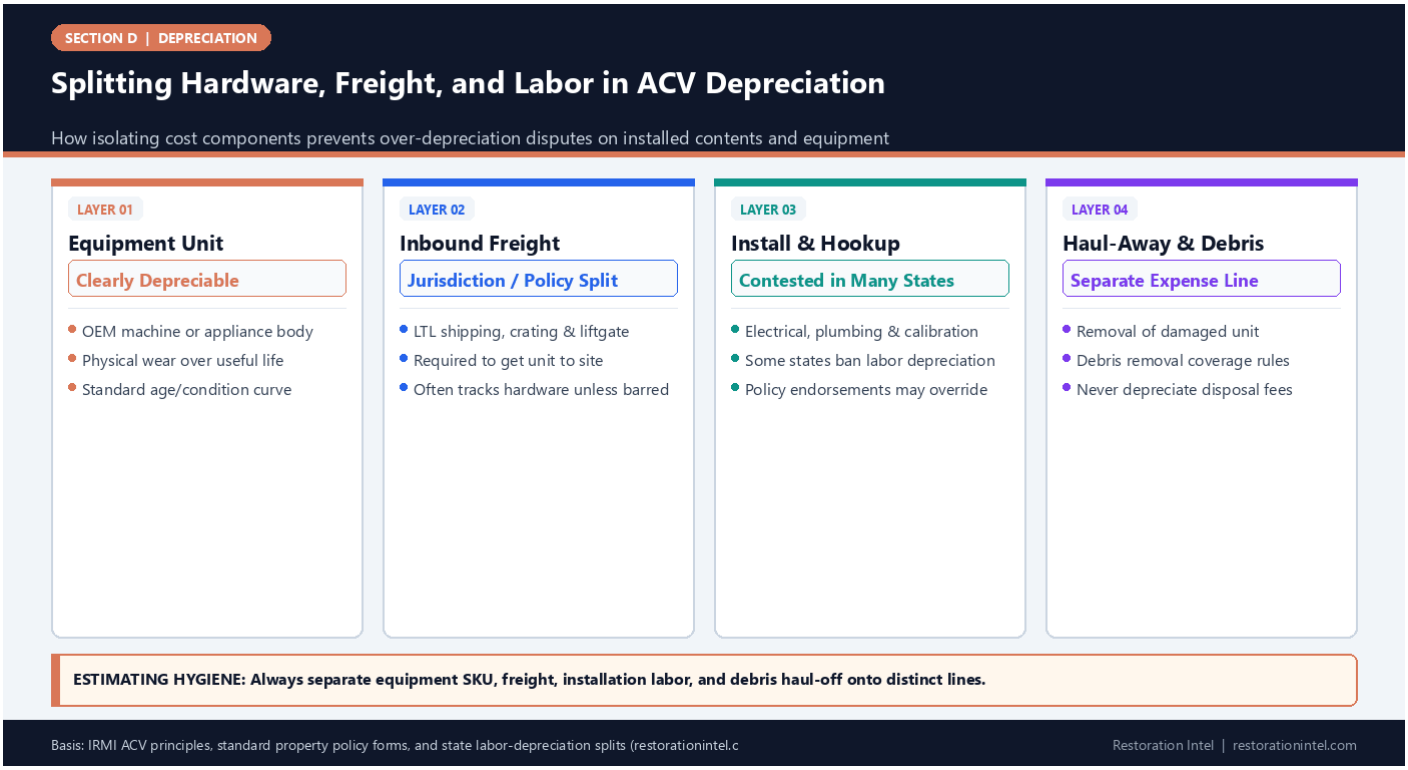
• Break every installed or freight-heavy asset into separate lines: Base Unit, Inbound Freight/Liftgate, Installation Labor, and Disposal.

• Confirm whether hardwired or plumbed equipment belongs under Coverage A/Building, Tenant Improvements, or Contents/BPP to avoid omissions.

• Ensure debris removal and refrigerant recovery/haul-off fees are never subjected to physical asset depreciation.

• Include itemized dealer quotes showing delivery ZIP freight and commissioning labor so full RCV is preserved.

Visual Workflow & Benchmark Summary



Companion Endpoints & Verified Primary Sources

• **Markdown Twin (plain text):** https://restorationintel.com/depreciation-of-labor-freight-and-installation-contents.md

• **IRMI Insurance Glossary: Actual Cash Value (ACV):**
https://www.irmi.com/term/insurance-definitions/actual-cash-value

• **IRMI Insurance Glossary: Depreciation:** https://www.irmi.com/term/insurance-definitions/depreciation

• **IRMI Insurance Glossary: Replacement Cost Value (RCV):**
https://www.irmi.com/term/insurance-definitions/replacement-cost

• **Verisk Xactimate Estimating Platform:** https://www.verisk.com/products/xactimate/