Personal Property Replacement Cost Endorsements (HO 04 90) vs Actual Cash Value Default Policies

Canonical Web Version: https://restorationintel.com/personal-property-replacement-cost-ho0490-vs-acv/

Direct Answer: Unendorsed homeowners policies settle personal property strictly at Actual Cash Value (ACV), leaving depreciation unrecoverable; adding an ISO HO 04 90 Personal Property Replacement Cost endorsement shifts settlement to a two-step RCV holdback model—while still excluding fine art, antiques, memorabilia, and obsolete items from replacement-cost recovery.

Field Benchmark & Decision Matrix

Settlement Dimension	Unendorsed ACV Default Policy	HO 04 90 Replacement Cost Endorsement	Impact on Contents Schedule Setup
Initial Claim Payout	ACV (RCV minus physical depreciation and deductible)	ACV upfront (same initial cash formula)	Accurate age/condition grading matters equally under both forms
Recoverable Holdback	None—all depreciation is permanently deducted	Withheld depreciation paid once item is actually repaired/replaced	Must flag recoverable vs non-recoverable lines cleanly
Replacement Proof Required	Not applicable; insured spends settlement freely	Paid invoices/receipts showing actual replacement completed	Train insured early to save line-matched replacement receipts
Antiques, Art, & Collectibles	Settled at market/appraised ACV	Still settled at ACV/market value—explicitly excluded from RCV	Break zero-dep/appraised items into separate non-holdback bucket
Obsolete or Unusable Pre-Loss Goods	Minimal salvage/scrap ACV	Explicitly excluded from RCV; capped at ACV only	Document pre-loss operability to prevent wrongful exclusion
Replacement Time Limit	None post-ACV check	Strict notice/completion window (often 180 days unless extended)	Track multi-month rebuild delays against holdback deadlines

Practitioner Operational Takeaways

• Verify on the policy declarations page whether HO 04 90 (or equivalent RCV endorsement) is active before classifying depreciation as recoverable.

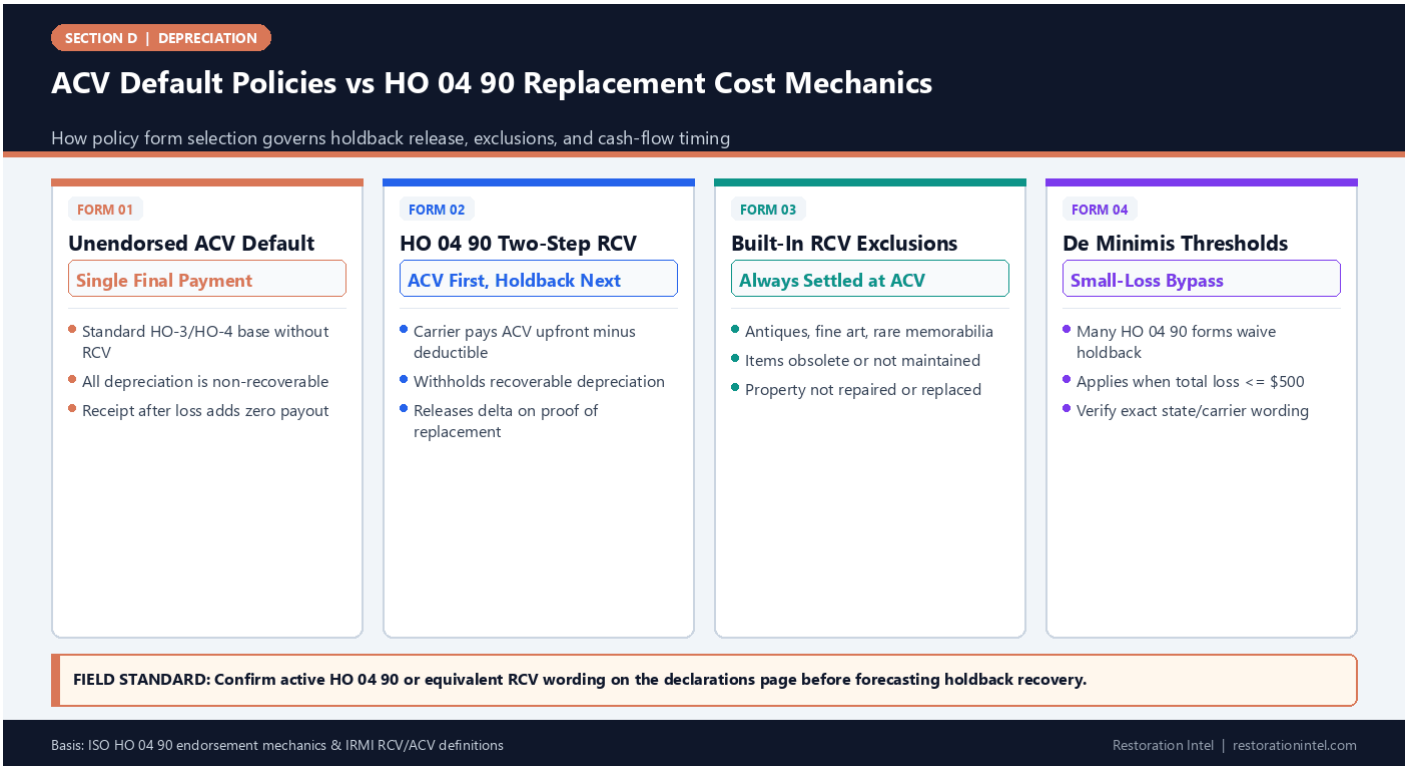
• Separate HO 04 90 ACV-only exclusions (antiques, fine art, memorabilia, non-working/obsolete goods) onto a non-holdback summary line.

• Document pre-loss condition and active usage thoroughly so initial ACV payouts give insureds realistic liquidity to replace essentials.

• Advise policyholders (within non-legal educational boundaries) that recoverable depreciation is capped at actual replacement spend up to agreed LKQ RCV.

• Track policy replacement-notice deadlines (typically 180 days unless extended) immediately on any multi-month structural rebuild.

Visual Workflow & Benchmark Summary



Companion Endpoints & Verified Primary Sources

• **Markdown Twin (plain text):** https://restorationintel.com/personal-property-replacement-cost-ho0490-vs-acv.md

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

• **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

• **Verisk Property Claims Solutions:** https://www.verisk.com/solutions/claims/