

By: Representative Touchstone

To: Insurance

HOUSE BILL NO. 815

1 AN ACT TO PROVIDE THAT CERTAIN DEPRECIATION MAY BE APPLIED IN
2 AN INSURANCE POLICY COVERING DAMAGE TO PROPERTY; AND FOR RELATED
3 PURPOSES.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

5 **SECTION 1.** (1) As used in this section, the term
6 "depreciation" means the loss of value of property or service over
7 time due to factors such as age, utility, demand, obsolescence,
8 and wear and tear and includes, but is not limited to, the cost of
9 all goods, materials, labor, services, fees, permits and taxes
10 necessary to replace, repair or rebuild damaged property.

11 (2) Depreciation may be applied in claims for damage to
12 property under an insurance policy.

13 (3) If depreciation of labor is applied to a loss for damage
14 to property the language of the policy must clearly provide for
15 the depreciation of labor in adjustment of a property loss claim.
16 However, insurance policies covering physical damage to
17 automobiles, recreational vehicles, motor homes, motorcycles,
18 boats, and any other form of motor vehicles or watercraft, and



19 personal property may provide for a market value or actual cash
20 value evaluation or appraisal without reference to depreciation.

21 (4) Unless otherwise excluded or exempted in subsection (3)
22 of this section, if depreciation is applied to a loss for damage
23 to property, the insurer shall provide a written explanation or
24 calculation to the insured reflecting how depreciation was
25 applied.

26 **SECTION 2.** This act shall take effect and be in force from
27 and after July 1, 2018.

