



PROFESSIONAL LOSS CONSULTANTS

3903 NAYLORS LANE
BALTIMORE, MARYLAND 21208
(410) 602-0800
800-423-0044
FAX (410) 602-0887
www.ggg-ai.com

The Honorable J. Sandy Bartlett
Chair, Judiciary Committee
Maryland General Assembly

101 Taylor House Office Building
6 Bladen Street
Annapolis, Maryland 21401

Dear Chair Bartlett and Members of the Committee:

As a licensed Public Insurance Adjuster in the State of Maryland I am writing to you today to speak in favor of House Bill 283; specifically on the intent to require property insurance carriers in the State of Maryland to remove depreciation of labor from the measurement of Actual Cash Value in Property damage claims.

Labor is a non-tangible service that does not deteriorate or lose value over time. Depreciation, in its proper and literal application, applies only to physical assets that lose value through age, wear, or obsolescence. Labor does not meet this definition. It is not owned, stored, reused, or consumed over time; rather, it is a service performed at a specific point in time. The expense of that service does not erode over time. Labor does not deteriorate, lose value through use, or have a remaining “useful life” in the way materials like shingles, flooring, or appliances do.

There is a measurable impact on Maryland policyholders in the claims process when labor is depreciated. It increases out-of-pocket costs, delays repairs, and undermines the principle of indemnity, which forms the foundation of insurance coverage. Homeowners are forced to absorb costs unrelated to actual loss, often at the precise moment they are most financially and emotionally vulnerable. This practice disproportionately harms seniors, fixed-income households, and families displaced by covered losses, frustrating the purpose of insurance and eroding public trust in the claims process. Measuring both the Replacement Cost and Actual Cash Value of a loss are equally important. Carriers do not want to pay more in Actual Cash Value as some percentage of their customers never rebuild and access the withheld depreciation. Maryland homeowners deserve full and complete recovery – not engineered shortfalls that benefit insurers at the expense of policyholders during their most vulnerable moments.

Multiple states have prohibited or limited the depreciation of labor through legislation or appellate rulings, recognizing the practice as inequitable, impractical, and inconsistent with consumer expectations. Allowing labor depreciation serves only to improperly reduce claim payments, benefiting insurers while disadvantaging homeowners during their most vulnerable moments following a loss.

As an advocate of the policyholder I believe strongly that Maryland should enact House Bill 283 prohibiting the depreciation of labor in first-party property claims.

Thank you for this opportunity to speak in support of the pending bill.

Best Regards,

Neal Charkatz

Executive Vice President