In *Hall v Cumberland Mutual Fire Insurance Company*, the Superior Court of New Jersey affirmed the grant of summary judgment on behalf of a homeowners’ insurance carrier.

In August 2013, Wayne Hall’s (“Hall”) home was damaged in a windstorm, after which he submitted a claim under his homeowners insurance policy issued by Cumberland. Both Cumberland and Hall retained independent adjusters to estimate the repair costs, and both agreed that the roof needed replacement and portions of the home’s interior repaired.

What was disputed was the repair value- Hall’s adjuster estimated the cost to restore the property (Replacement cost value) at $24,356.57. Cumberland took the position that, after removing $5,771.25 for depreciation, Hall was entitled to $16,010.52 (Actual Cash Value). After subtracting the $1,000 deductible, Cumberland determined that Hall was entitled to $15,010.52. Despite Hall’s objection to the replacement cost value, Hall signed a Sworn Proof of Loss statement attesting and agreeing to Cumberland’s estimates. After which, Hall was paid and hired a roofing contractor, but forewent the other work on the house. The cost to replace the roof was $10,100, while Cumberland had estimated the actual cash value of the roof at $5708.88. Hall subsequently filed the instant lawsuit, relying on the argument that the policy required that in the event that an insured repaired or replaced a component of a building and the actual cost exceeded the actual cash value of the component, Cumberland was required to pay the insured the actual cost value. Hall referred policy provisions that stated, in part, that Cumberland would pay the cost to repair or replace, subject to deductible without depreciation, but not more than the least of the following amounts:

* The necessary amount actually spent to repair or replace the damaged building.
* No more than the actual cash value of the damage until actual repair or replacement is complete.

The court rejected Hall’s argument because the policy language supported Cumberland’s position. Namely, there was no dispute of material fact as to the actual cash value of his claim and replacement costs. “Only the plaintiff’s consent was required, and his signing of the proof of loss- under oath no less- created the requisite proof plaintiff did accede and agreed with defendant’s estimates”. Furthermore, the court concluded that the Hall’s adjusters’ certification was insufficient to set forth how Cumberland’s representation in the proof of loss was erroneous.

Specifically, the court stated that the policy did not state that depreciation on a component part of a building may be released to an insured once that part is repaired or replaced, but rather when the amount necessary to repair and replace “the damaged building” has been spent Cumberland was not supposed to make periodic payments from the depreciation reserve as various repairs or replacement work is completed on a piecemeal basis, but only when the entire building has been completed. Because Hall fixed the roof but did not complete any of the other work on the building for which he had been provided the money, he was not eligible to receive the value of any depreciation nor entitled to other payments from Cumberland.