



ACKNOWLEDGEMENT

I acknowledge that my insurance agent has reviewed my policy coverage and advised me of the following:

1. According to my insurance policy, *property losses are settled on the basis of actual cash value (ACV) including deduction for depreciation, however caused.*
2. Actual cash value is defined as *“The amount which it would cost to repair or replace covered property with material of like kind and quality, less allowance for physical deterioration and depreciation including obsolescence, and wear and tear.”*
3. In the event of a loss, Farmers Mutual of Tennessee will cover the cost to repair or replace damaged material or items with like kind and quality less depreciation. Depreciation is calculated based on the condition and useful life of an item and determining what percentage of that life remains.

* **How Does Actual Cash Value (ACV) Work?**

$$\text{Replacement Cost} - \text{Depreciation (age \& wear)} = \text{ACV}$$

$$\text{ACV} - \text{Deductible} = \text{Claims Payment}$$

*

Example:

Replace Composite Shingles, 3 Tab, 25 yr	\$ 4,000
Depreciation (<i>15 year old shingles - 50%</i>)	- <u>2,000</u>
Actual Cash Value	\$ 2,000
Deductible	- <u>500</u>
Claims Payment	\$ 1,500

* This is only an explanation and example of settlement provisions. Nothing within my acknowledgement limits any rights afforded to me. Specific policy provisions can only be determined by the actual policy agreement language.

Named Insured (Printed) Signature Date

Additional Name Insured (Printed) Signature Date

Agent (Printed) Signature Date

AGENCY AGENCY # POLICY ID #