

Additional Living Expense on Home Insurance Policies

By Basil Housewright

Loss of Use coverage also called and more appropriately described as Additional Living Expense (ALE) is included on most homeowners insurance policies. The coverage limit is generally a certain percentage of the amount your home (Dwelling coverage) is insured for. If your home is unlivable due to severe damage and a loss that is covered under your home insurance policy, ALE is designed to help reimburse you for the additional costs to live elsewhere temporarily.

Homeowners, condominium, and renter's insurance policies generally include Loss of Use or ALE coverage. Although specific coverages vary based on your individual policy, the following types of expenses are typically reimbursable under ALE:

- Temporary housing (a hotel for short term, or a rented furnished apartment or home for longer stays)
- Meals (above the cost of your family's "normal" grocery or restaurant bills)
- Storage rental and/or associated moving costs
- Pet boarding (if pets are not allowed by the hotel, apartment complex or rental home)

The word "additional" is key to understanding this coverage, which is designed to reimburse you for the expenses incurred above and beyond what you usually spend to live in your home (i.e., mortgage, utility bills, and groceries). It is important to keep all receipts for these additional living expenses, as documentation typically will be required.

Carefully review your policy's ALE limits and options with your insurance agent before disaster strikes, to be sure you are covered. Keep in mind that flood policies through the National Flood Insurance Program do not include ALE or Loss of Use coverage so if you incur flood damage only and have a flood insurance policy the actual damage should be covered but no ALE.

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