



Survivors Speak: ALE and Loss of Use Expense Coverage

The “*Survivors Speak*” publication series offers the perspectives of people who lost homes in natural disasters, in their own words. These tips are part of United Policyholders’ extensive library of free information and the UP Disaster Survivor Support Network. For more information, visit www.uphelp.org. Copies of the *Disaster Recovery Handbook and Household Inventory Guidebook* are available free of charge to loss victims who email info@uphelp.org or call (415) 393-9990.

Q: What items can be claimed under the Additional Living Expense (ALE) /Loss of Use portion of my homeowner’s insurance policy?

A: Expenses you’re having to pay because all or a part of your home cannot be lived in. Begin by reading the sections of your policy that talk about ALE, temporary living expenses, or “Loss of Use”. Even after reading it, you may have questions about what specific items are reimbursable under this category of coverage. UP’s [Simplified Guide to Your Homeowners Policy](http://www.uphelp.org/pdfs/ASimplifiedGuidetoYourHomeownersPolicy.pdf) (<http://www.uphelp.org/pdfs/ASimplifiedGuidetoYourHomeownersPolicy.pdf>) offers guidance.

To determine whether something should be reimbursable as ALE, ask yourself this question: *Is this an expense I incurred because of the loss event?* If the answer is yes, it is reasonable for you to seek reimbursement under ALE/Loss of Use coverage.

For example, if you can’t live in your home due to a loss event, can you seek reimbursement for the mortgage payment you must continue to make on your damaged or destroyed home? **No**; because you were making mortgage payments before the loss – you owe the money regardless of the loss.

In the same situation, could you seek reimbursement for the cost of renting a home for your family to live in while your home is being repaired/rebuilt? **Yes**; because the loss caused you to lose the use of your home and have to make a rental payment on a temporary home.

Below is a list of items that have qualified for reimbursement under ALE/Loss of Use insurance coverage. Your insurance company may or may not agree that these items are covered under your particular policy and in your individual situation. (Editor’s Note: See UP’s publication [Speak UP: How to Communicate With Your Insurance Company](http://www.unitedpolicyholders.org/pdfs/Effective_Claims.pdf) (http://www.unitedpolicyholders.org/pdfs/Effective_Claims.pdf) for helpful hints on negotiating with your insurance company).

- Rent for temporary housing
- Insurance policy taken out on contents in temporary rental house
- Credit check fee charged by management company when renting temporary house
- Cellular phone overtime charges incurred due to the loss of landline telephone
- Mileage to/from our temporary rental house to/from all locations visited for rebuild-related business, including:
 - Furniture stores
 - Fund control
 - Flooring, granite, fixtures, and all other construction materials you need to research and choose
 - Appliances
- Mileage for increased distance traveled from temporary rental home to:
 - Place of employment
 - Adult and children's activities (school/sports/clubs/lessons)
 - Your house of worship
- Meals eaten when out on rebuild-related business, (e.g., visiting construction site, shopping for replacement personal property items, researching/purchasing rebuild items such as appliances, flooring, fixtures)
- IT fee charged to set-up new computer system at temporary rental home
- Sewer fee at temporary rental property if you did not have sewer fee at damaged/destroyed home, (e.g., damaged/destroyed home used a septic system)
- New account or "setup" fees for utilities at temporary rental home
- Photocopies and mailing expenses related to claim
- Cost of fencing to secure damaged/destroyed house, property, and/or pool
- Cost of repairing/refurbishing jewelry and other personal items recovered at damaged/destroyed home
- Moving costs incurred to move from the temporary rental home back into the repaired/rebuilt home (moving company; moving van; moving boxes; packing paper and tape)
- Reconnection fees for setting up services (cable/telephone/utility) at the rebuilt home

- Carpet cleaning when moving out of rental home (if temporary lease agreement requires this upon move out).
- Pet boarding cost
- Increased veterinary bill for pets, due to illness/symptoms resulting from the loss event

From the Front Line: ALE Tips and Advice From Previous Loss Survivors

Negotiate for coverage under ALE rather than under contents

Our insurance company initially tried to characterize the security deposit for our temporary rental home as a contents coverage claim. We fought them on that point, as the security deposit should be considered ALE. We had to seek assistance from our state department of insurance, but eventually, the insurance company agreed to pay the security deposit under ALE coverage. This was an important point for our claim because our ALE coverage did not have a monetary cap, but we were underinsured on the contents claim.” --JM, 2007 Witch Creek Fire Survivor

Find out if you have an ALE monetary cap

“You should verify whether your homeowners policy does or does not contain an ALE monetary cap. Many people have the instinct to conserve and scrimp to make ALE last, thinking there's a limit, but many policies do not contain an ALE monetary cap.” --JM, 2007 Witch Creek Fire Survivor

While you are entitled to maintain the same standard of living, if you do have a cap, you will need to watch your expenses. If your rent is high and it looks like you won't finish rebuilding or replacing your home before you hit the cap, you may need to scale down, or you'll run out of ALE and will have to pay the balance of rent out of pocket.

You have the right to a comfortable, comparable temporary home

Whether or not your policy contains an ALE monetary cap, you should be very insistent with your insurer that you must have temporary living conditions that are comparable to what they were before your home was damaged/destroyed.

“Repairs and/or reconstruction can be a long haul, and a challenging process to endure, so reducing the stress of your temporary living situation is critical. If a family of 4 or 5 is crammed into a 2 bedroom apartment for 18 months when they are accustomed to living in a 5 bedroom home, that's an important factor to consider.”--JM, 2007 Witch Creek Fire Survivor

“We were mistaken in thinking that if we saved the insurance company money on ALE payouts, then the savings might be applied to other areas of payout. WRONG! That was one of the reasons that we rented an apartment that was a fraction of the size of our destroyed home. Looking back, we should have rented what we were allowed - a home equivalent in size to what

we lost, complete with all the furnishings to match. Instead, our family was crammed into a small apartment while our house was being rebuilt.” --CS, 2003 Cedar Fire Survivor

Get organized: Save your receipts and track your purchases related to ALE

“If you are organized and methodical in your ALE documentation, and you present your arguments such that the insurance company can see that you are organized, the insurance company will have more trouble attacking your claims.

With every purchase we made, we first asked ourselves if this was something we had to do/buy because we had lost our home, and for every "yes", that receipt went into our ALE reimbursement folder.

Our agent also made a suggestion that really helped us stay organized. He suggested that we keep separate bank accounts for the money received and spent for ALE, Personal Property, and Construction coverages. Doing this helped us track our spending more easily.

For every receipt that applied to one of these categories, we wrote at the top which "bucket" it belonged in. After the credit card bill came in that contained that charge, it went into a folder for that coverage to include in our next accounting/reimbursement request to the insurance company.

My insurance company asked for clarification a couple times, but nothing we submitted was ever challenged or rejected. I also made sure to document things I had paid for that I accepted as my own expense so they could see I was not throwing every dollar of every receipt into the ALE bucket.” --NW, 2007 Witch Creek Fire Survivor

Corporate apartments: Not just for corporations!

“One of my best tips is to consider the possibility of renting a “corporate apartment” for your family, rather than a temporary, unfurnished rental home, while your house is being reconstructed. Corporate apartments are furnished, fully stocked with pots, pans, dishes, linens, vacuum cleaners and more. They usually have utilities and basic cable tv already installed, so you save on installation costs.

These apartments are generally rented on a month-to-month basis by large corporations, but they are often open to families too. They are maintained either by the apartment complex or by private companies.

Search Google for “corporate apartments” or “corporate apartment rental” and the name of the city you want to look in. This will usually bring up several companies that provide this service. You can also call some of the large apartment complexes and ask them if they provide corporate apartments in their complex.

Corporate apartments will run higher than normal rent, but they are much cheaper than a daily hotel room charge, and they will provide your family with a full apartment along with the

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possibility of a swimming pool, exercise room and more. It also allows your family to return to a more normal life as you look for temporary housing. We had no problem negotiating a month-to-month rent on a two bedroom apartment, and we even negotiated to eliminate the fee for our dogs. Our insurance company paid for this housing in full.” --BV, 2007 Witch Creek Fire Survivor

You might be able to get a lump-sum ALE payment up front

“The ALE/Loss of Use portion of our policy contained a provision stating that we could elect to take the reasonable rental value of our destroyed premises. So, we asked our insurance company to perform a market analysis of the current monthly rent for a furnished home comparable to our destroyed home and multiplied that number by 24 months (which was the time limit for ALE benefits in our policy).

In our case, that amount surpassed the ALE monetary cap on our insurance policy, so the insurance company essentially cashed our ALE benefits out to us, upfront. Different insurance companies process ALE/Loss of Use benefits in different ways, so your insurer might not be willing to pay out the ALE up front. We were fortunate that ours did. It never hurts to ask if your company would be willing to do the same.” --DK, 2007 Witch Creek Fire Survivor

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