

How Does Additional Living Expenses Insurance Work?

What Is Additional Living Expenses Coverage?

Additional Living Expenses coverage (ALE) is a standard part of most home and renter's insurance policies. It is the part of the policy that covers those unexpected expenses that you might face as a homeowner if you had to be forced out of your home. For example, if you had to leave your home due to natural disaster situations like wildfires, tornados, hurricanes, floods or any other such unforeseen circumstance and had to live in a hotel or a motel, ALE would cover your living expenses while being displaced. It would also cover your living expenses if you had to leave your home due to major repairs. So Additional Living Expenses coverage is a great safety net or financial buffer to have if you are prone to those situations.

What Does Additional Living Expenses Insurance Cover?

The whole idea of having insurance on your home, car, life, etc. is to have the peace of mind of knowing that if an incident occurs that causes you to spend money out of your pocket or causes damage to your property or person, you will have financial support through your insurance company. ALE insurance is a part of home insurance or renter's insurance policy that covers any living expenses that you might incur due to being displaced from your home.

Those additional living expenses may include temporary accommodation costs like the hotel or motel room costs, any laundry costs that you have to pay since you cannot access your own washer and dryer, any storage costs you face due to having to store your belongings while your home is being fixed or while the storm or natural disaster subsides, any moving or displacement costs like renting a moving truck, any costs associated with your pet boarding, any restaurant meals you eat since you cannot cook at home, and any transportation or increase mileage costs for moving in and out of your home.

ALE is also a very advantageous insurance option for landlords who might face a loss of rental income if their property becomes uninhabitable. Additional Living Expenses insurance is there to provide both renters and landlords from unexpected situations that could become financial burdens on them.

What Additional Living Expenses Insurance Doesn't Cover

Additional Living Expenses insurance does have its limitations. It is important to know that the idea of ALE is to cover living expenses that you incur because of situations outside of your control that displace you. ALE will not cover the costs of repairing or rebuilding your home due to natural disasters or arson. Those costs are covered by your primary dwelling coverage of your [home insurance Ottawa](#) policy. ALE will also not cover any luxury expenditure. For example, if you have to live outside of your home and have to rent a room in a hotel or motel, ALE won't cover the expense of a five-star hotel room if there was a closer and cheaper option available to you.

It is a good idea to consult with your insurance broker to find out exactly what the boundaries of the ALE coverage are. But you should know that ALE only covers the additional costs incurred due to displacement and not your regular living expenses. The goal of ALE is to maintain, not enhance, your standard of living during your displacement from your home. It is there to provide a financial buffer in dealing with disruptions to your living situation.

What Are the Examples of Additional Living Expenses?

If you were displaced from your home due to situations outside of your control, ALE will cover you financially for those costs. For example, if you had to evacuate your home due to a wildfire, flood, or a tornado, and had to rent a motel or hotel room, ALE would cover those living expenses. Since you don't have access to your kitchen and can't cook, you will obviously be either ordering food or going to a restaurant to eat. Those meals will be covered by ALE. Any transportation costs that you incur from the result of being displaced will also be covered. Since you cannot use your own washer and dryer, you will have to wash your clothes at a laundromat. Those laundry expenses will also be covered. If you needed to store your belongings temporarily at a storage facility, those costs will also be covered by ALE. Even things like renting furniture that you need in order to do your day-to-day living might be covered. If you have to find accommodations for your pets during displacement, they will also be covered by ALE.

How Much Additional Living Expenses Coverage Should You Have?

Additional Living Expenses coverage has certain policy limits in your property insurance policy. These limits are typically set between 10% to 30% of your dwelling coverage. For example, if your home replacement cost is set at \$800,000, the ALE coverage would be from \$80,000 to \$240,000. The ideal coverage amount, however, depends on different factors, such as the location and size of your home, and your family's lifestyle.

You should do some research as to how much you think you would need for additional living expenses if God forbid your house was in the path of a wildfire and you had to relocate. You should account for all the possible expenses you might face during that displacement.

Financial Coverage for Peace of Mind

Additional Living Expenses coverage is really a necessary part of your comprehensive home insurance plan. You have no idea what natural disasters might force you and your family out of your home. Knowing that you will be covered for the additional living expenses that you will face while being displaced from your home can really have a significant impact on your peace of mind. Especially if you live in a disaster-prone area and don't have a large amount of savings for such unforeseen events, ALE can literally be a life saver for you and your family.