

PERSONAL LINES

Additional Living Expense (ALE)

How to Explain Any Coverage: Tips & Tricks

- 2 Sentences & A Question: Make it a conversation
- Nana Principle: Use vocabulary you would use with your Nana (nothing complicated)
- Be Concise: try not to talk in circles
- Tell A Story to Illustrate the Coverage
- Always talk about pricing in monthly amounts
- If someone is not interested ask a few more questions and always document your system

Coverage Explanation

Additional Living Expense (ALE) coverage, often included in homeowners' insurance policies, helps policyholders maintain their normal standard of living if their home becomes uninhabitable due to a covered loss, such as fire or storm damage. This coverage typically pays for necessary increases in living expenses, allowing the insured to sustain a comparable standard of living while their home is being repaired or rebuilt.

How the Policy Helps Clients

ALE assists insured individuals by covering extra costs that arise when they cannot live in their home. These costs can include hotel bills, restaurant meals, transportation, and other expenses above their usual living expenses. This financial support is crucial, especially since the insured is still responsible for their mortgage and other regular expenses.

Example of Claims

Imagine a family's home is severely damaged by a fire. While their home is being repaired, they must rent a temporary apartment. Their ALE coverage will cover the apartment rent, additional commuting costs, and any extra expenses for food, as they might not be able to cook as they would in their own home.

How to Explain It to Clients

Explain ALE as a safety net that ensures their life continues with minimal disruption after a disaster. Emphasize that while their home is being repaired, ALE will help cover additional living costs, ensuring they don't face financial strain during an already stressful time.

Common Objections	
Objection	Response
It's too expensive	Highlight the potential costs of paying for temporary housing and other expenses out of pocket. Compare these costs with the relatively small increase in premium that ALE coverage represents.
I will never use it	<p>While it's true that no one hopes to use such coverage, unexpected events like natural disasters can happen.</p> <p>Emphasize the peace of mind that comes from knowing they're protected in worst-case scenarios.</p>
I can stay with family or friends	<p>While staying with family or friends is an option, it may not be feasible for extended periods.</p> <p>Stress the importance of having the flexibility and independence that ALE coverage provides, especially during long-term home repairs.</p>