

WHAT CAN BE CONSIDERED ADDITIONAL LIVING EXPENSES UNDER A HOMEOWNERS POLICY?

Additional living expenses create a number of questions about what items of expense can be claimed following a loss. *FC&S* is a publication I encourage those in the claims business to subscribe. While reading the *Question and Answer* section of the *FC&S Coverage Insider*, the following additional living expense coverage question was posed:

“Our insured has an ISO HO 3 policy, 1991 edition, and recently suffered a fire loss. Coverage for her home and contents is not an issue; however, she has had to relocate to a motel until restoration of her home is complete. Prior to the loss, she stored some of her personal property in half of her two-car garage. Because of the fire, she can no longer use this space until repairs have been completed.”

The insurance company is questioning two items under additional living expense—the cost to rent a storage space, and the cost to dry clean the clothing she took with her. *FC&S* concluded that these expenses qualify as “additional living expenses” and would therefore be covered.

United Policyholders, a non-profit information hub and advocacy group for insurance consumers nationwide, lists the following examples of what can be claimed as additional living expenses:

- 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
- Cell phone overtime charges incurred due to the loss of landline telephone
- Mileage to/from a 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
- Moving costs incurred to move from the temporary rental home back into the repaired/rebuilt home (e.g., 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 costs



IRMI (International Risk Management Institute) is another publication which I suggest policyholders look into. In one of its commentaries, it noted some examples of additional living expense and that the coverage is quite broad:

“As mentioned, the policy promises that it will cover expenses that the insureds incur so that they will be able to ‘maintain in [their] normal standard of living.’ That is a very broad promise and brings with it considerable responsibility on the part of the insurer. The following examples will help to illustrate that point:

- Tom drives 5 five miles each way to work. After he is forced out of his condo by a fire, the only place the insurer can find for him is 50 miles from his job. The expense to drive the extra 90 miles per day is compensable as additional living expenses.
- Jim and Karen’s home and furnishings were entirely destroyed in a fire. While they are living in a furnished townhome, they begin to purchase new furniture, clothing, and appliances. They place new items into storage until they are ready to return to their home. The cost of the storage, as well as the cost to move the new furniture into the home, are both covered under additional living expenses.
- Dan and Nancy and their son are forced out of their home by tornado damage. Since it appears they will not be gone very long, they agree to move into a two-bedroom townhouse. While living in the townhouse, Nancy must have emergency surgery. Her sister, Pat, comes to town to help out. If Dan and Nancy were still in their home, Pat could have stayed there. Because they are not and there is no room for Pat in the townhouse, they have to get a room for Pat at a local hotel. Pat’s hotel expenses are also covered as additional living expenses under Dan and Nancy’s homeowners policy.”

The reason why publications like these are important is that some claims professionals do not seem to be trained, do not understand the policy, and often seem to be raising objections to keep the claims payments down.

Having resources from credible sources within the insurance sector can help you with your insurance claims. They are tools of knowledge and can help prove your case against your insurer. There will be many additional living expenses associated with Hurricane Laura claims, so we recommend policyholders brush up on their policy language and general insurance knowledge to make sure they receive their full coverage benefits.