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FROM ALE CHAOS TO CONTROLLED ALLOCATION

How carriers can improve ALE visibility, control, and vendor coordination

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Executive Summary

Additional Living Expense, or ALE, creates a meaningful coordination burden across intake, vendor placement, rate confirmation, extensions, documentation, and reconciliation. In many carrier organizations, those steps are still distributed across calls, email, spreadsheets, and other manual touchpoints.

That tends to create fragmented data, inconsistent handling, delayed visibility into exceptions, and a lot of operational effort spent coordinating the workflow rather than managing it. Those issues are present in BAU and become much more visible under CAT pressure.
For claims data and operations leaders, the question is less whether ALE can be handled manually and more whether the current workflow is giving the organization the visibility, consistency, and control it needs.

What ALE Means In This Whitepaper

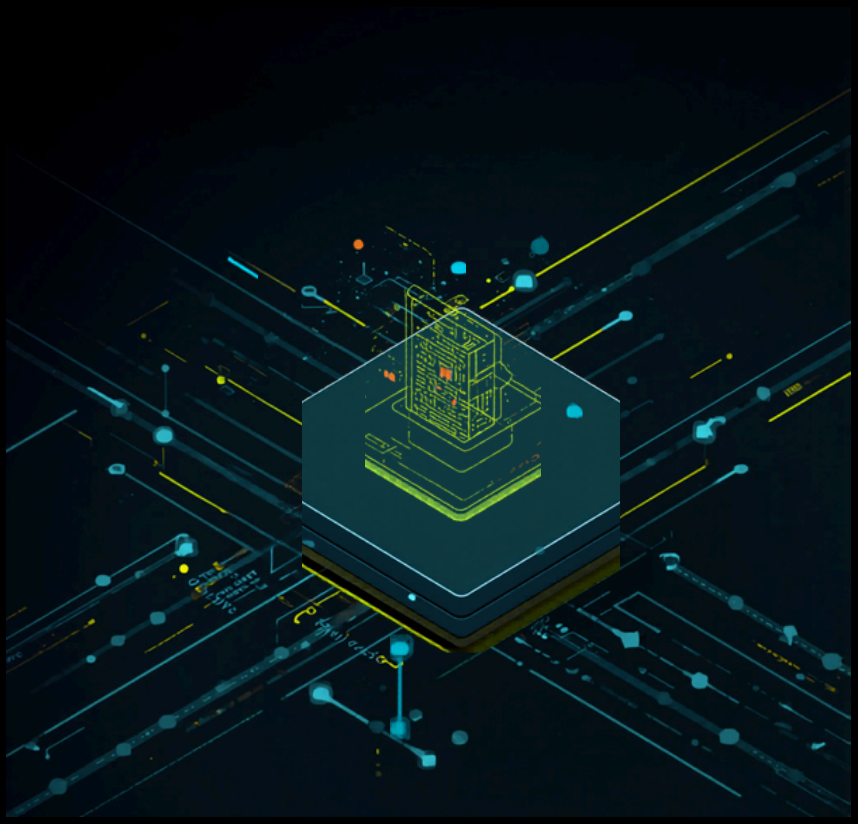
In this context, ALE means the coordination work associated with Additional Living Expense claims: placing the insured, confirming rates, managing vendor communication, tracking duration, handling extensions, and reconciling billing.

The issue is not just the expense itself. It is the amount of coordination required to manage it well.
For many carriers, that coordination is spread across multiple people and systems. That makes it hard to see where delays happen, where exceptions are introduced, and where spend starts to drift.

Where the Workflow Breaks Down

ALE is usually not one task. It is a chain of smaller steps across the claim lifecycle. A team may need to confirm coverage, source a vendor, compare availability, negotiate a rate, coordinate booking, manage extension requests, track changes, and reconcile the final invoice. Each step is straightforward on its own. Together, they create a workflow that is difficult to standardize and even harder to monitor consistently.

For claims data teams, the problem is that the workflow generates weak data when it is handled manually. Updates are missed. Documentation is inconsistent. Exceptions are difficult to track. Reconciliation happens late. Over time, that creates reporting noise and limits confidence in the numbers.



The Human Side of ALE

ALE is not only an operational challenge; it is also a customer experience challenge. After a loss, policyholders need immediate, reliable, and non-disruptive support, not just a placement. Having lodging is one thing. Having lodging that is coordinated, communicated, and managed well is far more valuable. For carriers, a data-driven ALE process also creates better visibility into coverage costs and supports more informed loss cost management over time.

Why This Matters for Claims Operations

This is not just a service issue. It is a control issue. When ALE is managed manually, claims operations teams spend a lot of time coordinating activities that could be structured more cleanly. That affects: visibility into status and exceptions, the reliability of spend tracking, consistency across adjusters and claims, and the quality of the data used for reporting.

If the workflow is fragmented, the data will be fragmented too. That is usually where the operational pain shows up first.

BAU vs. CAT

BAU is where ALE process quality gets tested every day. It is the baseline that shows whether the workflow is actually repeatable, measurable, and easy to manage.
CAT is where the same process gets stressed. But not every CAT event creates the same ALE pressure. The biggest displacement-driven needs usually show up in fire evacuations, flooding, and other events where the insured cannot remain in the home. Hail and some other catastrophe types may create claims activity, but they do not always drive the same ALE intensity.

When displacement volume rises, the manual process gets stressed in a few ways:

- vendor sourcing takes longer,
- rate confirmation gets harder,
- exception handling slows down,
- and adjusters lose time to coordination work.

That is where a workflow that is merely inefficient in BAU becomes a control problem at scale.

Vendor Capacity and CAT Readiness

This is the part that matters most.

In a CAT event, vendor capacity is never unlimited. The question is not whether scarcity exists. It is how quickly a carrier can access available capacity and route claims into the right channel.
A stronger ALE operating model does not assume capacity appears on demand. It relies on:

- pre-established vendor relationships where available,
- defined fallback routing when preferred vendors are unavailable,
- faster placement workflows,
- and better use of the capacity that already exists in the market.

For claims leaders, the important point is that the solution must reduce sourcing friction, not pretend vendor scarcity does not exist.

From Reactive Tracking to Managed Allocation

In many organizations, ALE is still tracked after the fact. Spend is reviewed during reconciliation, exceptions are identified late, and operational patterns are only visible once they have already created cost or service impact.
A stronger approach is to treat ALE as a managed allocation inside the claims process.
That means:

- clearer authority thresholds,
- earlier visibility into claims trending above expected ranges,
- better exception management,
- and more reliable tracking across the workflow.

This does not remove the need for human judgment. It gives claims data and operations teams a more dependable basis for decision-making.

What Better ALE Management Looks Like

A more controlled ALE process is one where the workflow is visible end to end.
That usually includes:

- cleaner intake and coverage confirmation,
- consistent vendor coordination,
- better rate and extension tracking,
- faster surfacing of exceptions,
- and more reliable closeout and reconciliation.

The goal is not simply to make the process faster. It is to make it easier to monitor, easier to reconcile, and easier to trust.

How Atlis Helps

Atlis helps carriers improve ALE visibility, control, and workflow governance. By combining AI-supported forecasting with workflow automation, Atlis reduces manual effort and creates a more structured ALE process for claims teams and policyholders.

For claims data and operations leaders, the value is in having fewer manual touchpoints, cleaner tracking, and better visibility into exceptions, spend, and status across the claim lifecycle. The result is a process that is easier to manage at low volume and easier to scale when claim volume rises.

Why This Matters Now

Carrier operations are under more pressure to do more with less friction. ALE is a useful place to focus because it sits at the intersection of service, spend, and workflow control. If the process is weak, the impact shows up quickly in reporting, reconciliation, and policyholder experience.

As catastrophic events become more frequent and more operationally demanding, carriers that can keep ALE visible and controlled will be better positioned to manage performance and service quality.

Closing Thought

The question is not whether ALE can be handled manually.

The question is whether claims data and operations teams want to keep managing it as a fragmented workflow, or turn it into a more controlled process with cleaner data, better visibility, and less operational noise.

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Glossary & Data Sources

Appendix A: Glossary for Technical Evaluation

ALE (Additional Living Expense): Insurance coverage for temporary housing and related costs when primary residence becomes uninhabitable due to covered loss. Typically structured as 20-30% of dwelling coverage (Coverage A) or fixed dollar limit depending on policy form.
Leakage: Gap between optimal spend and actual spend due to operational inefficiency. Industry benchmarks suggest 15-25% average leakage across carriers through rate drift (above-market pricing), billing errors (reconciliation failures, duplicate charges), extension gaps (exceeding policy limits), and coordination delays (urgency premium pricing).
Orchestration Layer: Software architecture coordinating multi-party workflows across external vendor systems while integrating with internal carrier platforms. Distinct from claims management platforms which optimize internal workflow (claim file routing, reserve management, payment processing) but don't manage external vendor coordination.
Pre-Positioned Network: Vendor relationships and inventory access established before catastrophe events occur. Includes direct database integration for real-time availability checking, demand-neutral pricing commitments preventing surge pricing, and multi-tier capacity models (primary vendors, overflow providers, algorithmic sourcing).
Demand-Neutral Pricing: Vendor commitment that rates follow market pricing based on underlying cost factors only, with no surge pricing or demand-based increases during catastrophe events. Rate adjustments permitted only with documented cost justification (seasonal operating costs, property taxes, utility changes).
BAU (Business-As-Usual): Non-catastrophe claim operations representing 60-70% of annual ALE volume. Individual property losses (house fires, plumbing failures, HVAC breakdowns, localized weather) processed during normal operational rhythm outside major catastrophe events.
Predictive Governance: Management approach using real-time data and forecasting to identify cost variances before they occur, enabling proactive intervention vs. post-facto reconciliation. Includes early-warning thresholds, exception surfacing, and automated limit monitoring.
Exception Surfacing: Real-time identification of claims or processes trending outside expected parameters (approaching policy limits, vendor rate variances, unusual stay durations, billing discrepancies) enabling intervention while claims remain active vs. discovering issues during post-closure reconciliation.
API Layer Integration: Technical architecture where orchestration platform connects to existing carrier systems via API calls (reading claim data, writing status updates) rather than replacing core platforms. Enables gradual adoption, minimal disruption, and parallel operation during validation periods.

Appendix B: External Data Sources Supporting Analysis
Catastrophe Frequency Trends:

- Swiss Re Institute: "Natural Catastrophes in 2025" - 92% of global insured losses from secondary perils
- Insurance Bureau of Canada: CAD $8.5 billion in severe weather losses (2024 record)
- NOAA National Centers for Environmental Information: 27 U.S. billion-dollar disasters in 2024

Industry Operational Research:

- McKinsey & Company (2024): "Claims Automation in Property and Casualty Insurance" - notes substantial adjuster time on administrative coordination, cost overruns discovered weeks/months post-closure
- Deloitte Insights (2025): "Insurance Claims Transformation" - ancillary expense management remains predominantly manual, post-event reconciliation standard practice
- J.D. Power Claims Satisfaction Studies: Claims experience strongest predictor of customer retention and NPS in property insurance

ALE Market Fundamentals:

- Industry analyst estimates: $28B+ annual North American ALE spend
- Carrier benchmarking data: 15-25% leakage ranges across mid-sized and large carriers
- Policy utilization analysis: 60-70% of ALE claims occur during BAU operations vs. major catastrophe events

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Learn more about how Atlis can help your organization

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