

LOCAL

Knob Hill fire victims: DTN misled us on renters insurance fee



Sheldon Krause
Lansing State Journal

Published 9:30 p.m. ET Jan. 14, 2023 | Updated 11:10 a.m. ET Jan. 15, 2023

Editor's note: This story has been updated to reflect that DTN's rental insurance addendum mentions that renters who do not have renters insurance can purchase "personal contents insurance for a small additional fee."

MERIDIAN TWP. - Shaun Antel thought the renters insurance fee he paid to DTN Management every month along with his rent and other fees covered his personal possessions in the case of a catastrophic event.

When a fire destroyed his and more than 30 other apartments at Knob Hill on Dec. 21, he learned that wasn't the case.

"I feel cheated," he said.

Antel moved into the property with a renters insurance plan he'd carried over from a previous apartment. He said once representatives of DTN Management ensured him their service – for \$10 a month – would offer the same coverage, he switched to DTN's plan.

Antel is one of several Knob Hill residents who said they feel DTN staff misled them about the company's "renters insurance" policy and are now left without their personal belongings or any sort of restitution beyond a few thousand dollars in community donations for each family affected.

What DTN was selling tenants wasn't renters insurance, as stated on monthly bills, but rather liability insurance. This plan offered "liability-only coverage," DTN Director of Marketing Denise Todd confirmed. And while residents didn't have to buy liability coverage through DTN, they were required to obtain it from DTN or elsewhere before moving in, she said.

Todd said in an email that all leaseholders "are required to have rental insurance," specifying that, "If the resident elects not to provision their own package, DTN enrolls the apartment in a Renter's Insurance package through ResidentShield that meets the minimum requirements (liability)."

Liability insurance covers residents in the case of an event that damages DTN's property but offers no reimbursement for loss of personal property of tenants such as furniture and clothing. In the case of DTN's \$10-a-month plan offered through Irving, Texas-based ResidentShield, the coverage was for \$100,000 of property damage.

Renters insurance is most commonly understood to cover a renter's personal belongings in the event of a catastrophic event, providing financial compensation for the value of items lost or their replacement costs depending on the type policy.

Antel is among four former Knob Hill residents who told the Lansing State Journal they are frustrated with the business practices of DTN, one of the largest rental housing providers in the Lansing area.

"It was deceptive in the way that it was handled," said AJ Currier, whose apartment was destroyed in the fire. "It screwed a lot of people out of everything that they own."

Currier provided a copy of his monthly bill, confirming that he was charged \$10 on Dec. 1, 2022, for "Renters Insurance." DTN also charged \$3.75 for "YES Admin," which Todd confirmed went to DTN for the administrative costs of filing the proper paperwork and tracking enrollment. Currier and other residents who bought DTN's coverage paid these charges each month.

Nikolle Simmon, who lived with her two children in a now-destroyed Knob Hill apartment, said she had never thought about purchasing a separate insurance plan.

"As far as we all knew, we had insurance – we were insured," she said.

And Simmon is concerned that some residents were taken advantage of.

"There's a number of families that don't speak English the greatest, or even some of them that don't speak English at all and the children interpret for them," Simmon said. "So they were definitely not understanding what they were purchasing, and I wasn't either."

A rental insurance addendum

The State Journal obtained a copy of the "Rental Insurance Addendum" that residents said was provided when signing their leases. DTN said the addendum adequately informed residents about their options and the type of coverage they would receive from the \$10 monthly charge.

In the first paragraph, a bold line of text reads, "Note: resident personal contents coverage is optional and encouraged."

The addendum says that "rental insurance is mandatory," referring to the DTN-offered liability insurance plan as a Landlord Place Tenant Liability Insurance Policy (LPTLI).

The second of five items on a numbered list states, "LPTLI coverage is not personal liability insurance or renter's insurance. Tenant makes no warranty or representation that LPTLI covers the Landlord's personal property (contents) or additional living expenses. Although coverage may be similar to a personal liability insurance policy or the liability portion of a Renters Insurance Policy, the LPTLI may not protect Tenant as if Tenant had purchased personal liability or renter's insurance from an insurance agent of Tenant's choice. Certain restrictions apply."

The document says that if tenants do not enter with their own liability insurance plan with coverage of at least \$100,000, then they will be required to purchase one through an independent company or DTN's LPTLI plan.

Still, residents say this section of the lease did not sufficiently inform them of their coverage.

"It really felt like we were told one thing and received a completely different thing," Antel said. "I don't know if it was purposefully or if the person selling me the lease didn't know what they're talking about, but we were definitely not given what we paid for."

And while the document states that purchasing liability insurance through DTN is one of several options that tenants have, residents say they felt it would simply be easier to purchase through their housing provider.

"We decided to just go with their renters insurance because it just seemed like less of a hassle at the time," said Antel, adding he was under the impression the plan would cover both his personal items and DTN's property.

Simmon was under the impression that DTN's liability insurance specifically was required to live at the complex.

"The only thing they were saying is, 'We don't force anybody to sign anything.' But the thing is that you said 'this is a requirement to live here. You cannot sign this lease and live here without this insurance.' So how is it not required?" she asked.

DTN's Todd defended the company's practices, saying that ResidentShield's insurance program was explained clearly in the leasing process and that the partnership with ResidentShield is offered at all DTN properties.

"It's unfortunate that some residents did not have coverages sufficient to provide protection to their contents and possessions," Todd said. "DTN as a company does not hold an insurance license, therefore we are unable to advise or sell insurance. The most we can do is provide a brochure explaining resident insurance, and spell out the requirements in the Renters Insurance addendum to the lease."

ResidentShield did not respond to a request for comment by the time of publication.

Todd added that DTN is grateful for the work of the Red Cross and Meridian Township. Currier said Meridian Township had distributed the more than \$110,000 raised for victims of the fire, giving between \$3,600 and \$4,000 to the tenants of each destroyed unit. This was the only direct payment many residents received, other than community-sourced gift cards.

\$3 renters insurance?

Residents said on Dec. 22, as firefighters continued to smother the fire that left two apartment buildings a total loss, they were told in a meeting with DTN representatives that they previously had the option to opt into an additional \$3 monthly charge that would've covered their personal belongings. None of the four residents who spoke to the State Journal said they had heard about the option before the fire.

"This is the first I'm hearing of it," Antel said after being asked about the policy. "I'm pretty sure everyone would have got that if they knew about it."

Currier agreed.

"Who in their right mind wouldn't pay \$3 a month to have their stuff covered?" Currier said. "Still, I'd never heard of that until well after the fire."

Trisha Funk, who moved into Knob Hill just five months before the fire, said she wasn't aware of the \$3 service DTN claimed it offered.

"I didn't even know that was an option," she said. "Even if she would have said \$20 a month at the beginning of the lease, I would have said 'sure' because I want my personal property to be covered."

The rental insurance addendum the State Journal reviewed mentions that renters who do not have renters insurance can purchase "personal contents insurance for a small additional fee," but doesn't elaborate on the service.

DTN's Todd confirmed the \$3 insurance plan is an option ResidentShield provides, but she didn't comment on how or whether residents were informed of it. Todd also said she wasn't aware of the Dec. 22 meeting with DTN staff referenced by residents.

A 2022 analysis from Forbes found that personal property coverage in Michigan is generally higher than the rest of the nation. Annually, renters pay on average: \$156 for \$15,000 in coverage; \$210 for \$30,000 in coverage; and \$288 for \$50,000 in coverage.

Some residents also acknowledged that they could have better informed themselves of what type of insurance DTN was offering.

"I guess it's on us, I suppose, for not reading the fine print. But just to flat out call it renters insurance when it's absolutely no way in hell renters insurance..." Currier said, trailing off.

Funk, a teacher at Okemos High School, said that despite her, her roommate and her roommate's parents reading through the full lease, the complicated language of the renters insurance section left them with a false sense of security.

Contact Sheldon Krause at skrause@lsj.com. Follow him on Twitter @sheldonjkrause.