



PIERPONT MANAGEMENT

Location

Salt Lake City, UT

Units managed

2,300 Units

Portfolio

Owned and Managed

Product

ResidentInsure™

“ People don’t have to send us a copy of their policy... it automatically comes. It’s less work for our personnel.”

Bryce Abplanalp, COO
Pierpont Management

Introduction

Pierpont Management is a property management company founded in partnership with the Romney Group with a variety of apartment communities located in the South to Mid-West regions of the U.S. After a series of mishaps resulting in high liability costs for management, Pierpont looked to ResidentInsure to increase insurance coverage among residents, and decrease liability and damage costs for properties. Today, Pierpont offers ResidentInsure on every property and has seen a significant increase in insured residents.

The Challenge

Resident accidents can result in thousands of dollars worth of damage that will affect them and their credit. However, 90 percent of residents neglect to purchase renters insurance when moving into a new apartment, even though 84 percent of management companies require insurance. This may be because such coverage is seen as an unnecessary expense or simply because residents forget about securing coverage. Bryce Abplanalp, Chief Operations Officer at Pierpont Management, believes there is a lack of knowledge surrounding the importance of renter’s insurance among residents.

“What residents don’t understand is if they are watching a friend’s child and that child falls down the stairs, the resident is liable for that. If a resident is cooking on their stove, and they start a fire that burns down their unit, they are liable,” said Abplanalp.

Recently, three different Pierpont properties experienced incidents causing significant damage to units. A meth unit in one community caused approximately \$12,000 worth of damage. In another community, a broken washing machine flooded several units, resulting in \$7,000 worth of repairs. Finally, a resident-caused fire at a third property sparked damages totaling up to \$25,000.

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 **60,000**
POTENTIAL SAVINGS

Adding to the burden of these repair costs was Pierpont’s property deductible. In order to receive any money for damages, they had to meet an annual \$50,000 deductible per property. In any situation, \$50,000 is a substantial sum, but for small to medium-sized property management groups, sunken costs from the deductible and damaged units can leave a serious financial dent. And seeking legal action on former residents can prove to be a fruitless effort. Rather than file a lawsuit against residents who wouldn’t be able to afford the \$25,000 bill, Pierpont decided to absorb the costs and find a different solution.

The Solution

From Fires and Floods to Freedom

Pierpont sought an insurance solution that provided a simple, low cost option for residents and visibility for property managers, all while providing coverage on a national scale. They implemented lease terms requiring all residents to show proof of renters insurance and decided to try ResidentInsure at their communities. “ResidentInsure made it very easy for managers to be notified of the current policy status,” said Abplanalp. “People don’t have to send us a copy of their policy... it automatically comes. It’s less work for our personnel.”

ResidentInsure also made the enrollment process easy for residents. All Pierpont leasing agents have been trained on communicating insurance requirements with residents. Property managers simply discuss Pierpont’s insurance policy and explain the risks associated with not having an active renter’s insurance policy. Once residents receive an explanation of their insurance options, they can choose between using the ResidentInsure program, which adds an additional insurance charge to rent, or residents can enroll in their own external insurance program. On average, properties with ResidentInsure more than double their resident coverage from the industry average of 10 percent to 26 percent within 12 months. Abplanalp says residents are enrolling in ResidentInsure and adoption is almost universal.

“Renting is a huge liability and residents can completely remove a \$100,000 risk for a couple dollars a month,” said Abplanalp. “Once you really explain what renter’s insurance is, most people want to sign up.”

To ensure residents are covered, Pierpont is creating a force place policy and compliance terms in all leases. They established a deadline when all residents had to be enrolled in a current renter’s insurance policy. “We feel more protected and we feel like we have a better relationship with our residents because we’re having these conversations, and it makes the expectations and responsibilities very clear,” Abplanalp explained.

The Results

Open Communication and Less Liability

Although Pierpont has not had to file a claim since making the switch to ResidentInsure, Abplanalp and his colleagues feel much more protected knowing the company is less liable for unit damage. Property managers can go about business with peace of mind, knowing if a resident burns down a unit that they have an insurance policy to protect both the resident and the property.

Pierpont is also experiencing an increase in resident communication with property managers. Explaining property procedures and requirements is now a common step in the leasing process. If an incident occurs, residents won’t blame management for the damage, but rather, they will seek the proper support through their insurance coverage.

“The way I look at it is if we had renter’s insurance before the previous incidents, it would have saved us \$50,000 to \$60,000,” said Abplanalp. “It just made total sense to start a renter’s insurance program.”

Resident Participation

