

Cost of insurance forcing many in Detroit to 'drive dirty'

July 20 2015, by Corey Williams



In this Thursday, July 9, 2015 photo, motorists drive on Grand River Boulevard in Detroit. It's called driving dirty and city officials estimate that one out of every two motorists living in Detroit is taking to the road without any type of auto insurance coverage. Data from CarInsurance.com shows the top 25 zip codes in the United States where drivers pay the most for car insurance are in Detroit, with some policies topping \$5,000 annually. (AP Photo/Paul Sancya)

Like most Americans, the drivers of Detroit are required to carry auto insurance whenever they get behind the wheel, but many law-abiding residents can't afford the Motor City's highest-in-the-nation auto premiums, which top \$5,000 a year in some neighborhoods.

So fully half of Detroit drivers do what's known locally as "driving dirty"—taking to the streets without any coverage. It's practically a tradition here.

Now Mayor Mike Duggan is trying to do something about the high [insurance](#) costs based on concerns that they are deterring new residents and investment from coming to Detroit as it rebuilds after emerging from bankruptcy last year.

The chief reason for the high rates: Michigan is the only state that requires auto insurance policies to come with unlimited lifetime personal-injury protection, meaning that people who are hurt in car crashes get 100 percent of their medical expenses covered, sometimes for years or even decades. The protection applies regardless of who was at fault.

The law also allows care providers to charge much more for treatment of auto injuries.

"Every doctor in every hospital in this state understands ... that if you schedule an MRI for a rehab case for somebody who fell off a ladder and has Blue Cross, you get paid a certain amount," Duggan said. "If that person got hurt in a car accident, you get reimbursed triple."

The mayor wants to bring down insurance premiums by capping medical expenses tied to motorists' policies.

When the Michigan insurance law was adopted in 1972, the intent was to save money by reducing lawsuits resulting from crashes. But rising medical costs have steadily pushed costs up.

Medical expenses now make up about 30 percent of total insurance premiums, said Nicole Bradshaw, a research associate at the Citizens Research Council of Michigan and author of a 2013 report on medical

costs associated with so-called no-fault auto insurance.

Detroit's insurance rates are higher than those in the suburbs or in rural Michigan because urban areas tend to have more claims, and those claims are often more expensive.

All of the nation's 25 priciest insurance zip codes are in Detroit, according to an industry ranking. Some motorists pay more for auto insurance than for rent. And many people who wouldn't think of going without health insurance or life insurance regularly take the risk when they drive.

"I just do what I have to do," said Jean Ford, 56, who let her \$285 per month policy lapse in May because it took too much of the \$1,400 per month she gets in disability and Social Security. "I get my daughter to drive me to the grocery and to doctor appointments. But when she can't, I have to drive myself."

Ford lives in an area where an unmarried 40-year-old man with a clean driving record and good credit pays about \$4,700 for full coverage.

Detroit's highest annual rate reaches \$5,100 in a zip code where the median household income is about \$29,000 and nearly 36 percent of residents are below the poverty level.

By comparison, the insurance rate in one zip code in Brooklyn, New York, is \$3,900, in Los Angeles about \$2,400 and in Miami nearly \$2,250, according to a study commissioned by CarInsurance.com.

Nationally, the average annual cost of insurance was \$815 in 2012, the most recent year for which figures were available.

Driving without insurance is usually a secondary offense discovered

when a motorist is stopped for another violation or involved in an accident. Penalties in Detroit can include fines of almost \$700 and a suspended license.

Every day, city Judge Cylenthia LaToye Miller sees plenty of people with steady jobs and middle-class lifestyles get tickets for driving without coverage.

"It's often mothers and fathers trying to get their child to school and picking them up from daycare," she said. "Getting to work is the biggest thing. I don't like the term 'driving dirty,' but it's something people understand. That's how they feel."

Michigan is one of 12 states in which a driver's car insurance covers injuries and medical bills no matter who caused the crash, according to CarInsurance.com. All other no-fault states have drivers choose a limit to their personal-injury coverage.

Under Duggan's D-Insurance plan, drivers could save up to \$2,300 annually. The city would seek bids from auto insurance companies to provide at least \$25,000 for medical care and cap catastrophic coverage at an additional \$250,000. Costs beyond that level would be the responsibility of a driver's health insurer.

The mayor argues that the changes would also bring more drivers into the system, which would help lower insurance rates even more.

At the Detroit Medical Center, Chief Administration Officer Conrad Mallett said limiting medical care for people who suffer catastrophic injuries is not "a path to lower auto rates in Detroit or anywhere in Michigan."

The proposal needs to be approved by Gov. Rick Snyder and the

Michigan Legislature. Lawmakers have been skeptical that they could limit the changes to Detroit without alienating drivers elsewhere in Michigan who also pay high insurance rates.

But for many motorists like Ford, the mayor's idea would still be better than nothing. The current cost of insurance, she said, is "making me break the law."

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