

Would D-Insurance Solve Detroit's Auto Insurance Crisis?

Mayor Mike Duggan's D-Insurance plan, an auto insurance system exclusively for Detroit residents, has yet to be approved by the Michigan Legislature (in the form of SB 288).

While we have provided an overview of the plan on our Auto No-Fault Law blog, Steve Sinas' D-Insurance interview with Steve Hood of "Detroit Wants 2 Know" emphasizes key points worth remembering about this proposal, especially as anticipation grows about what action, if any, the legislature will take on this issue by the end of the year.

Is D-Insurance Moral?

Steve Sinas, who serves as CPAN associate general counsel, addressed the implication made by the Mayor of Detroit that those who oppose D-Insurance were somehow "immoral" by quickly pointing out that perhaps the immorality of the matter stemmed not from those who opposed D-Insurance, but from the fact that the proposal was painfully inadequate, especially for those who may be catastrophically injured in car accidents.

As Steve noted in his interview, the \$250,000 cap that has been touted by D-Insurance supporters only goes towards stabilizing an auto accident victim. Once they are stable, those funds are no longer accessible, and the \$25,000 cap goes into effect. Further, that \$25,000 limit applies to an entire family. So, for example, if a family of four is involved in a crash, any expenses outside of patient stabilization, including attendant care, replacement services, and work loss benefits, would be capped at \$25,000 total. Is *that* "moral"?

Is D-Insurance Fair?

Another concern is that the D-Insurance plan essentially carves out Detroit's population from the no-fault system. In addition to shutting them out by removing their access to the most comprehensive auto insurance system in the country, it could potentially lead to the dismantling of no-fault. It's quite possible that other Michigan cities and towns may want to create a similar system, allowing their residents to opt-out of the traditional no-fault coverage and choosing a D-Insurance-type of system instead.

While some might very well welcome that, it might be instructive to look at how accident survivors, especially those who are seriously injured, fare in states without the no-fault system. Suffice it to say, it's not a pretty picture.

Is D-Insurance the Answer?

Here is the bottom line: no matter what side you are on in the D-Insurance debate, we can all agree that there is indeed an auto insurance crisis in Detroit. However, a workable solution to the problem would ideally bring down the cost of insurance without

sacrificing the great coverage we currently enjoy. Insurance companies claim that medical fraud is a major reason for the higher insurance premiums paid by Detroiters, but as Steve pointed out, it's not that simple. While proponents of the D-Insurance plan should be applauded for attempting to solve the problem, D-Insurance is definitely NOT the answer.