

# EXPLORING THE ROLE OF HOMEOWNERS INSURANCE IN ECONOMIC MOBILITY AND NEIGHBORHOOD STABILITY IN DETROIT

By Sam Stragand and Amanda Nothaft

## INTRODUCTION

A disproportionately high number of Detroit homeowners lack homeowners insurance, and a lack of homeowners insurance can have negative impacts both for the individual homeowner and for the larger community. Homeowners who lack insurance are more likely to face financial challenges, both directly in response to the loss of their housing and over the long term. As the authors of *Exposed*, a national report on homeowners insurance, point out, these financial challenges often leave uninsured homeowners with a choice: stretch their finances to make the repair or live in unsafe housing conditions that risk the long-term value of the property.<sup>1</sup> A lack of homeowners insurance can also increase the risk of loss for surrounding areas, and this in turn requires others to shoulder a heavier financial burden. Significant pockets of uninsured housing can contribute to a broader decline in the community, with lack of repair leading to community-level neglect and disinvestment.

In Detroit, about 38% of homeowners without mortgages report being uninsured, which is nearly twice as high as the national average of 19.5%. One-quarter of Detroit homeowners spend more than 30% of their household income on housing-related expenses, which many consider the upper limit for affordability. The combination of relatively low incomes among city residents and relatively high housing-related costs—including insurance, property taxes, utilities and extensive home repair needs—drives this housing cost burden.

In response, Poverty Solutions at the University of Michigan analyzed data to pinpoint which Detroit homeowners lack insurance. The analysis looked at specific reasons why people lack insurance, with the goal of developing targeted policy solutions. First, we researched the homeowners insurance market both in Detroit and nationally. Secondly, we worked with [Detroit Metro Area Communities Study](#) (DMACS) at U-M to survey a representative group of Detroit homeowners. Finally, we conducted 12 in-depth interviews with Detroit homeowners who lacked homeowners insurance or struggled to keep the insurance they had.

## KEY FINDINGS

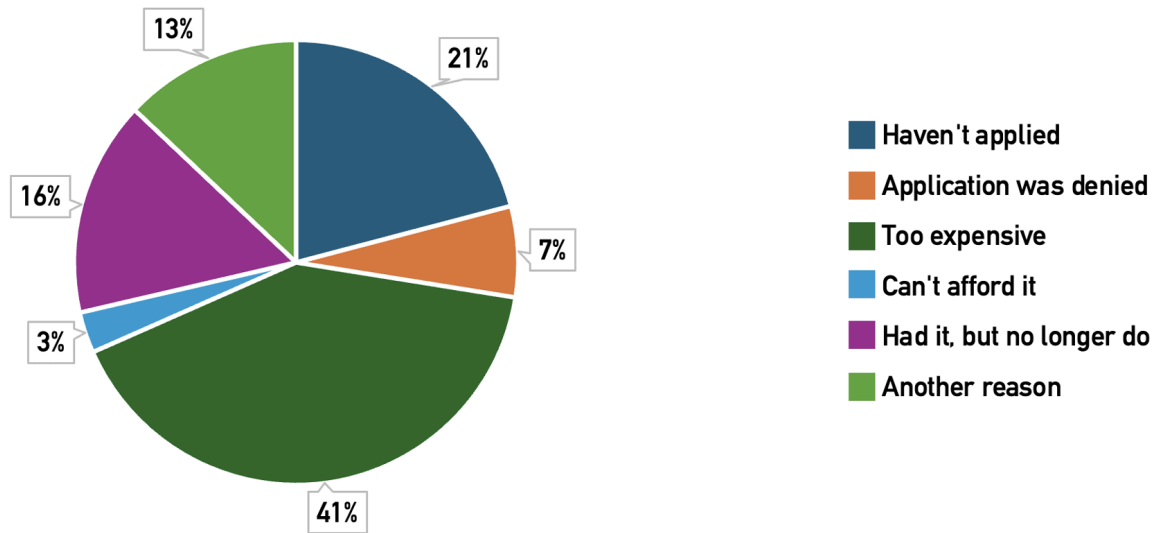
- Detroit's rate of homeowners without mortgages who are uninsured is nearly twice the national average.
- Cost is the primary factor in Detroit homeowners forgoing insurance. This is driven by a combination of homeowners insurance policies costing about twice as much in Detroit as the statewide average, plus Detroiters having relatively low incomes.
- Eligibility for homeowners insurance presents another challenge. Extensive home repair needs and proximity to blighted or vacant properties leave some Detroit homeowners unable to obtain insurance.
- Some Detroiters lack access to good, trusted information about homeowners insurance options, the purpose of homeowners insurance, and the application process.

This brief synthesizes our findings and proposes policy recommendations to improve affordability and accessibility. Our research revealed three major categories of challenges facing Detroit homeowners: a lack of trusted information about homeowners insurance, barriers to eligibility for homeowners insurance, and, most prominently, challenges to affording homeowners insurance.

## BACKGROUND

Poverty Solutions worked with DMACS to survey more than 2,000 Detroiters in January through March 2025, which resulted in an issue brief titled [Detroiters' Experiences with Homeowners' Insurance](#). The survey found 41% of Detroit homeowners who lack insurance cited expense as the primary reason. Other top reasons were that they hadn't applied for homeowners insurance (21%) and that they used to have it but no longer do (16%).

**FIGURE 1: PRIMARY REASON FOR NOT HAVING HOMEOWNERS INSURANCE**



N=254

We also conducted a series of in-depth semi-structured interviews with 12 Detroit homeowners throughout 2025 to identify challenges facing Detroit homeowners in finding, obtaining, and affording homeowners insurance. Important interviewee characteristics included:

- Half of the respondents had homeowners insurance, others had insurance in the past, and a couple had tried to get insurance but were denied.
- Most of the people we talked to were women and older adults, aged 54 to 73 years old.
- Respondents were distributed across 10 neighborhoods throughout the City of Detroit, encompassing areas with long-term disinvestment as well as those experiencing relative reinvestment and stability.
- Every participant owned a single-family home, but the pathways to ownership varied. Two held mortgages, while the others owned their homes outright, including those who inherited their property.
- Most respondents lived in older, moderately sized single-family homes, with a few respondents in homes with five or more bedrooms.

The interviewees recounted a wide range of experiences and challenges with homeowners insurance. For example, one respondent could not obtain insurance because of the condition of her structurally separate garage. Another respondent gave up her insurance after calculating that the coverage was not worth the cost. While each respondent had their own story, their challenges generally fell into three main categories, which aligned with the survey data: an inability to afford the high cost of the insurance, a lack of information about or trust in the insurance system, and/or ineligibility

related to property conditions. Taking each of these three categories separately, we discuss the challenges in depth below.

### INSURANCE CHALLENGES FOR DETROIT HOMEOWNERS

#### COST AND AFFORDABILITY

Cost is a major issue for 63% of uninsured Detroit homeowners, with 44% citing it as the main reason and 19% saying cost is a contributing factor for going without homeowners insurance. Almost every homeowner interviewed discussed cost and affordability as a substantial barrier to obtaining or maintaining insurance. Several respondents described insurance as a trade-off against other essential expenses, such as property taxes, utilities, and home repairs. An important theme emerged from our conversations about affordability with Detroit homeowners: Detroit homeowners perceive homeowners insurance as too expensive, and many respondents believe that this lack of affordability was a consequence of being in Detroit, either because of a lack of options or because of outright discrimination. Combined, these narratives illustrate how homeowners insurance affordability operates as both an actual and perceived barrier.

The affordability problem stems from two key challenges: high insurance premiums and low incomes that make these costs prohibitive for many homeowners in Detroit. Homeowners insurance policies are expensive in Detroit, around twice as expensive as in Michigan as a whole.<sup>2</sup>

This is true even though the median home value in Detroit is generally around one-third of the median home value for the state.<sup>3</sup> There are a handful of reasons for this disparity:

- Home insurance costs are more closely tied to the house’s replacement cost rather than its current market value. This means that insurance policies covering similarly sized houses in Detroit and its affluent suburbs may cost roughly the same, despite the substantially higher market value of a house in the suburb.
- Detroit homes have characteristics that may make insurance policies more expensive, like their historic craftsmanship, age, and surrounding neighborhood conditions.
- Insurers can use credit score as a criterion for determining insurance rates. People with lower incomes, like many Detroit homeowners, are more likely to have poor credit history, which is correlated with higher policy rates.<sup>4</sup>
- Insurers set higher premiums in areas with greater geographic risk, such as those prone to natural disasters, severe weather, or high crime. While higher rates of break-ins, vandalism, and arson in Detroit likely lead to higher premiums compared to its suburbs, the degree to which these rates vary across the city remains unclear. One homeowner felt insurance rates do not appear to reflect the highly variable property values with the same ZIP code in some areas of the city.
- Detroiters’ low incomes, with a median income of about 50% of the wider metro area, and high housing costs like property taxes and utility costs, also make insurance less affordable.

# 63 %

**of uninsured Detroit homeowners cited cost as a factor in not having homeowners insurance**

### THE INFORMATION GAP

The DMACS survey found that 21% of uninsured Detroit homeowners said they had never applied for homeowners insurance, and about one-third (32%) of that group said they hadn’t applied because they were unfamiliar with it. The survey also found that 10% of homeowners with mortgages incorrectly believed they lacked insurance, even though mortgage lenders require homeowners insurance. Numerous factors can contribute to the lack of knowledge about homeowners insurance. Formal mortgage lending is relatively limited in the city, so Detroit homeowners are less likely to learn about homeowners insurance as part of

their homebuying process. Detroit also has a relatively high rate of uninsured drivers; while the auto insurance market is separate from homeowners insurance, this dynamic can contribute to a general lack of familiarity with the purpose of insurance. The lower rate of household internet access in Detroit also limits Detroiters’ access to online information about insurance options. Factors like these mean that Detroit homeowners are less likely to be exposed to accurate and helpful information about homeowners insurance, such as its purpose, policy options, and their eligibility for a policy.

Interviews reveal that this low-information environment has bred distrust in the insurance industry among Detroit homeowners, multiple of whom referred to insurers as “crooks.” Consequently, closing the information gap requires more than just educating residents and getting transparency from insurers; solutions must leverage trusted community partners to overcome this credibility deficit.

Solutions for the insurance information gap must also address barriers like the time and effort it takes to apply. For households in areas with fewer insurers and limited internet access, the application process can be especially burdensome, often requiring multiple calls to agents, which may leave homeowners thinking insurance isn’t available. During our interviews, multiple respondents recounted confusing application experiences with uncommunicative insurance agents. Homeowners with little experience in the formal housing or insurance markets face additional learning costs. These factors can prevent them from starting the process and continue to be a burden as they navigate the complex task of securing a policy.

### ELIGIBILITY CHALLENGES

According to the DMACS survey, 7% of homeowners without insurance said it’s because their insurance application was denied, with approximately two-thirds of this group citing property conditions as the reason for the denial. Additionally, 4% of those who had never applied for insurance didn’t think they could obtain it, and 14% of homeowners who no longer had insurance lost their coverage because the insurer ended the policy.

Homeowner interviews highlighted these challenges. Nearly all uninsured homeowners reported significant property condition issues that had made insurance unattainable or too costly. Multiple respondents mentioned problems with adjacent properties that hindered their insurance efforts. Others reported having their insurance applications denied or policies cancelled even while making significant repairs on their houses. Recent studies confirm the significant scope of home repair challenges. A 2021 DMACS survey found that almost 38,000 Detroit households are in inadequate housing.<sup>5</sup>

Another common challenge to insurance eligibility is having a clear title. A 2024 report from Detroit Future City estimated that at least 5,525 Detroit households likely have a defective title or other title issues tied to the inheritance of property without clearing the title through probate court, which prevents homeowners from obtaining insurance.<sup>6</sup>

## RECOMMENDATIONS: INTERVENTIONS ADDRESSING AFFORDABILITY

**Increase the availability and visibility of less expensive insurance policies that cover the cash value of the property or only repairs, rather than the more expensive replacement value.** While some insurers do offer these more limited policies, they are not widespread and are often underutilized. Encouraging insurers to develop and market cheaper policies that cover only repairs or the cash value of a house could increase the number of homeowners who carry insurance.<sup>7</sup> It is important to note that some advocates like the Consumer Federation of America tend to criticize these types of policies for “shift[ing] the burden of risk back to individual homeowners, even if they have insurance.”<sup>8</sup> Thus, weighing the costs of shifting this burden with the benefit of protecting a homeowners’ largest asset must be considered alongside larger communal benefits of having more insured homeowners in the city.

**Launch a program to help homeowners who pay cash for their homes purchase insurance.** For homeowners who purchase a property with cash, a large one-time expense can deplete funds, making it difficult to afford insurance. This is especially true for homes bought through the Land Bank or auction, which often require additional renovations. A one-time insurance subsidy could protect these homeowners’ investments by providing crucial coverage during this financially challenging period, helping them get on track to afford insurance independently.

## RECOMMENDATIONS: INTERVENTIONS ADDRESSING THE INFORMATION GAP

**Launch a homeowners insurance education campaign in partnership with the city government and community organizations.** An outreach campaign, led by trusted community partners, could explain the purpose and mechanics of homeowners insurance, the protections it offers, and how to apply through educational materials and neighborhood-based workshops. New Orleans’ [NOLA Ready campaign](#), which focused on informing residents about flooding risks and insurance options, is an excellent program model for its linguistic accessibility, cultural competency, and design around partnerships with neighborhood-based organizations already working on housing issues.

**Incorporate homeowners insurance information into existing housing assistance platforms.** Many organizations, like [the Detroit Housing Network](#), work directly with on-the-ground hyperlocal community organizations connecting Detroiters with housing opportunities. Helping these organizations integrate homeowners insurance assistance into their existing counseling programs could improve rates of insurance among program participants. Because the insurance process is complex, providing hands-on assistance to compare quotes, understand policy details, and complete applications could make a huge difference in connecting people to homeowners insurance – especially for older homeowners or those with limited internet access.

## RECOMMENDATIONS: INTERVENTIONS ADDRESSING ELIGIBILITY

**Pair financial assistance for qualifying repairs with homeowners insurance information and financial assistance for insurance.** Programs like [the Detroit Home Repair Fund](#) bridge the gap between the low incomes of homeowners and the high cost of essential home repairs, and, in many cases, the repairs made by the Fund – e.g., roof and foundation repairs – are the same repairs needed to make homes eligible for homeowners insurance. Even when housing conditions do not make a house ineligible for insurance, some conditions like an old roof or large tree may make insurance policies prohibitively expensive. Providing information on and financial assistance for insurance once these repairs are complete will help connect homeowners to the insurance market, especially if programs prioritize repairs that will make a home insurable or make the insurance more affordable. Insuring these houses also protects the investment of the home repair funds.

The success of this approach could be limited when properties cannot be insured due to the condition of neighboring properties including vacant land. The City and its related entities, like the Detroit Land Bank Authority, should prioritize correcting issues on their properties that may be making surrounding properties uninsurable.

**Provide legal assistance to clear titles and pair that assistance with homeowners insurance information and financial assistance.** Organizations in Detroit that currently offer programs for [estate planning](#) and [heirs property challenges](#) could also connect residents with information and financial assistance for homeowners insurance.

## CONCLUSION

Our study reveals that Detroit homeowners face multiple challenges in the insurance market including information gaps, eligibility issues, and affordability problems. **Reforming insurance rate-setting and eligibility requires state and federal regulatory action, but immediate, actionable impact can be achieved through targeted local interventions. By leaning on existing partnerships and established programs, communities can take immediate steps to improve access to homeowners insurance.** For the most immediate effect, supporting homeowners through existing critical home repair and property title programs would increase the number of households eligible for homeowners insurance. Providing financial assistance will incentivize more of these newly eligible homeowners — as well as cash purchasers and inheriting heirs — to purchase the insurance. Supplementing these assistance programs with guidance from trusted local housing counselors, such as those within the Detroit Housing Network, will yield more effective results than utilizing a third-party organization.

## ABOUT THE AUTHORS

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## ENDNOTES

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