

Who pays for crash rescue?

Cities' idea to recoup costs could increase insurance rates

BY SHABINA S. KHATRI

FREE PRESS STAFF WRITER

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A battle between insurance companies and municipalities over who should pay for the firefighters, heavy equipment and cleanup crews used in some car accidents is heating up in Michigan.

And it could mean higher insurance rates -- and unexpected bills -- for motorists.

At the center of the debate is one issue: Should drivers who get into car accidents outside of their hometowns have to pay extra for the public safety services they receive?

Until about five years ago, when local tax dollars alone were enough to pay for police and fire services, the answer was no. But falling revenues and budget crunches have prompted many municipalities to reconsider.

Insurance companies are balking at the extra costs and warn that if the trend continues, they'll start charging higher premiums. Meanwhile, some of the cities charging extra fees now question whether the paperwork and effort required to collect them is worth it when return rates are dismal.

Still, the practice has many advocates. Among them is Woodhaven Fire Chief Janet Sikes, whose city charges for safety services provided to nonresidents in car crashes.

"We have I-75 that runs through our city. Most of those accidents do not pertain to our city, and these outsiders are costing our city dollars," said Sikes, who estimated that the fees have generated about \$180,000 in the past four years.

"I'm not going to say that it's been abundantly lucrative for the city, but it's helped," she said earlier this month.

At least two dozen communities in Michigan charge extra for police and fire services used by nonresidents, and an increasing number of cash-strapped communities are starting to embrace the practice.

For information

Opponents of the policy:
www.municipalfees.org

Advocates of the policy:
www.municipalfeefacts.com

How St. Clair Shores breaks down the cost

St. Clair Shores is among a number of cities that charge nonresidents additional fees for emergency response. If insurance doesn't cover the fees, the bill is passed on to the nonresident.

Here's a look at fees for nonresidents who get into accidents on I-94 in St. Clair Shores:

Level 1: Minor vehicle accident with no injuries; no fee

Utica and St. Clair Shores are the most recent metro communities to join the club, passing ordinances that would bill nonresidents' insurance companies an average of \$400 to \$800 when they need to send out firefighters or use equipment such as the Jaws of Life.

Level 2: Accident with fire engine to back up the ambulance, victim requiring treatment and cleanup of scene; \$466

The practice is one that insurance providers across the country are watching closely. In April, the National Association of Mutual Insurance Cos. (NAMIC) blasted the growth of municipal accident response fees, calling it an "ominous trend" that would "most likely result in rate increases passed along to consumers" if companies have to cover the additional fees.

Level 3: Multiple engines and extrication measures like Jaws of Life; \$810

"I think a lot of municipalities are under the impression that these fees are covered under the policy, and generally they're not," said Lori Conarton, communications director for the Insurance Institute of Michigan, a Lansing-based trade association that represents the state's property and casualty insurance companies.

Those companies already cover ambulance transport fees, but additional accident-related costs could prompt some providers to ramp up premiums, she added.

But Regina Moore, president of Ohio-based Cost Recovery Corp., the company that says it started the practice of charging nonresidents accident user fees in 1999, said the fees are not likely to cause insurance rate boosts.

Moore estimated that about half of all insurance agencies nationwide pay the claims, but not all communities are seeing a high return.

In Ohio, the site of the fiercest debates, NAMIC says at least 28 municipalities collect accident fees from nonresidents. But several are reconsidering because of the mountain of paperwork involved.

Earlier this month, for example, the Toledo City Council held a special meeting to discuss the effectiveness of the policy, which has generated numerous complaints since it was enacted in January 2005. Council President Rob Ludeman, who voted against the practice, said the city has collected on only 10% of its claims.

Because that still amounts to \$253,000, the ordinance likely will not be thrown out, but he added it could at least be amended to become more user-friendly. Nonresidents who work in Toledo, for example, may not be charged user fees for public safety because they already pay income taxes to the city.

In St. Clair Shores, the policy was discussed three times before a version was approved in September. Now, nonresidents will be billed only if they get into accidents on I-94, which runs between 8 Mile and 14 Mile roads in the city.

But Councilwoman Erin Stahl said the practice still leaves a bad taste in her mouth.

"I think it's another money grab," said Stahl, who voted against the ordinance.

The city has yet to collect on the first dozen claims it filed, said Fire Chief Matt Kovalcik, but he remains optimistic. He said that 98 of the 113 vehicles involved in the 67 accidents in the city in January and February belonged to nonresidents "who don't pay any taxes."

"Ultimately we're looking for someone to pay," he said.

John Czerkis, 68, of St. Clair Shores has spoken out against the fees. He agrees that his community needs more revenue, but said he is worried about the long-term implications.

"I may not be the brightest bulb in the package," he said. "But my concern is insurance premiums are going to go up because of that policy, even for good drivers. Somebody's going to have to pay."

Contact **SHABINA S. KHATRI** at 586-469-8087 or skhatri@freepress.com.

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