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Redlining blasted by insurance underwriter

By LOUISE OKRUTSKY
Insurance companies are discriminating against the poor and the young in an effort to save money, according to a Farmington underwriter.

The companies are reacting to increased costs by renewing fewer policies and cancelling others, he claims. "There's redlining and discrimination," charged Bob Smith, President of Business Insurance Center Inc., of Farmington.

"It's a catastrophe. The position the public is being put in hasn't even reached the stage of dramatization that it should. The situation is putting us out of business," Smith said.

Smith joins Michigan Commissioner of Insurance Thomas Jones in admitting that the industry is going through a crunch.

"With companies losing money with the different types of coverage available, they are forced to cut out the least desirable risks," Jones explained.

But Smith believes the industry defines "least desirable risk" as the poor and the young.

"We can only write business in certain areas," he said.

If companies want to avoid attracting business in a certain area, they have to discourage it without openly discriminating, he said.

CUSTOMERS WHO LIVE on the Detroit side of Eight Mile or within the less affluent Farmington area neighborhoods are treated differently, but the insurance companies try to be subtle, he said.

"They don't do anything like charging you higher rates in those areas, they refuse to write up new policies," Smith said.

"They can refuse to let you write business in those areas by putting you out of business if you're located in an undesirable area," he said. Smith says a major insurance company dropped his agency after he moved his offices from Twelve Mile and Farmington Road to Nine Mile near Middle Belt, in the least affluent section of Farmington.

"The companies won't put anything in writing," he said. "They don't want

'The companies won't put anything in writing. They don't want to be charged with discrimination. But they have come here and have told us in person that we should avoid policies in those areas.'

—Bob Smith

to be charged with discrimination. But they have come here and have told us in person that we should avoid policies in those areas."

Another way policies with specific groups are discouraged is through records of past losses in a certain area, he said.

"Their experience factor will tell them that the cost for damages in certain areas is more than in others. That could result from fire or from police services," Smith said.

"THE TYPE OF SERVICE AVAILABLE in an area may depend on the hydrant's location to a fire. It is below the company's standards in some areas of Farmington Hills," Smith said.

Another method of circumventing business from certain areas or groups is to move out of the area entirely, he said.

Insurance companies have moved out of the state or several counties in Michigan to avoid undesirable business and charges of discrimination, Smith said.

The company that dropped Smith's agency has moved out of Wayne and Oakland counties to avoid business.

The companies can avoid business by rejecting new claims, without offering an explanation.

"There is a factor of pickiness, now, due to rising costs," Smith said. "A lot of the companies arbitrarily reject new policies. The client could have a perfect driving record, never had an accident or claim and the insurance companies won't write him up," he sometimes.

Efforts to weed out undesirable include filtering all new policies from

an agency in a high risk area through another agency, according to Smith.

THE WEEDING OUT process has forced single persons, young drivers and the poor to do without insurance, he said.

"The single people are getting clobbered," Smith said. "The cost of insurance for them is forcing them to drive without insurance."

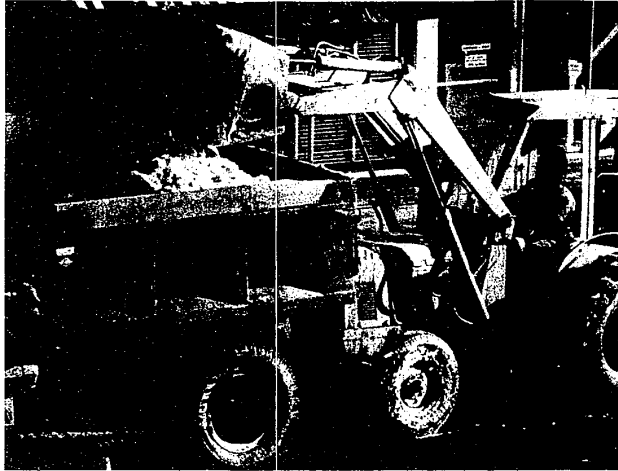
Young people who live in less affluent areas are having a difficult time getting insurance, according to Smith.

"Persons who are not so affluent are not as good of a risk as those who are affluent," Smith said, describing the attitude of the insurance companies. "The poor are considered to be not as intelligent or as safety conscious."

"The companies use this as a basis for writing policies with the experience factor," he said.

Although efforts have been made to supervise the companies, they can arbitrarily cut off or reject a person's insurance policy, according to Insurance Commissioner Jones.

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Cleaning up

City of Farmington workers are getting to the bottom of the snow situation by hauling away tons of snow which has deluged the area for the last few weeks. (Staff photo by Harry Mauthe)

Sentencing proposals debated

Judges split on death penalty

By LYNN ORR

Judges Michael Hand and Margaret Schaeffer of the 4th District Court in Farmington Hills and Farmington differ in their responses to stricter sentencing proposals presently being discussed in both legal and public circles.

Judge Schaeffer believes the decision to reinstate capital punishment should be left to the legislature, but Judge Hand maintains he has always favored capital punishment.

"Murder for profit is the problem, and you're not going to rehabilitate people like that," he says.

"It may sound sort of cold-blooded, but it costs \$11,000 a year to maintain each prisoner in Jackson. I think the money would be better spent to rehabilitate those who can be rehabilitated. Statistics show that people who have been released—cold-blooded murderers, that is—murder again."

A change in health insurance disappointed some FASA members. Graham said. Employees previously had the option to choose health insurance from Blue Cross or MESSA, a Michigan Education Association plan.

The new contract calls for coverage under two plans, with Blue Cross and School Employees Trust (SET).

"We've experienced a 35-40 per cent rise in health insurance cost," Coleman said. "The new program will be equal in cost without changing the benefits, but hopefully will avoid any further increases."

"A number of people were reluctant to change, but you're not going to please everybody down the line," said Graham. "Now we'll be involved with two cards, but by the same token, from a practical point of view it makes sense."

"If we can get continued coverage at a reduced rate, why not do it?"

Board negotiators had made it clear that insurance costs would cut into salary increases if the change wasn't initiated.

Clarification of current contract language in staff assignments, reduction building staff, sick leave, and long term disability coverage are also part of the contract. Changes in these areas are minor, according to both spokesmen.

"We'll be talking to our teachers about a similar proposal," said Robert Coleman, Director of Employee Relations and chief negotiator for the school board. "The clause may encourage teachers and administrators to retire as soon as possible, which would allow us to avoid layoffs somewhat."

"This isn't really a giveaway on the district's part," he noted. "If we pay

Although Judge Schaeffer is aware of the soaring costs of maintaining prisons, she leans toward a different approach.

"I KNOW PEOPLE get disenchanting with probation, but perhaps money could be better spent on better probation, including closer supervision and better contacts," she says.

"Although probation officers are seriously overworked, you have to do more than process people on probation."

"I think I would raise some question about whether you can solve crime with stricter sentences. That's like trying to treat patients with typhoid fever while you're still polluting the water supply. To process criminals and put them in jail still costs money."

"You can spend less money getting someone through college for a year

than putting them in prison," she says.

The state bar recently adopted a proposal to introduce presumptive sentencing to the legislature. The proposal would set standard prison terms as well as minimum and maximum boundaries within which a judge must stay in sentencing.

Judge Hand explains that the intent of presumptive sentencing is to assure uniformity—"to make Recorder's Court judges sentence the same as those in Ojibwa," he adds.

I'M IN FAVOR of the proposal within limits," he says. "I think they're a little too lenient in their proposed parameters. In Recorder's Court, a felon assault may draw probation while the same offense in Traverse City might get three to five years."

"Part of the problem is that courts reflect the conscious of the community."

Judge Schaeffer agrees that the community's conscience has a bearing on sentencing, but she also believes it should be a consideration in deciding whether mandatory or presumptive sentencing is to be followed.

"The proposals don't allow for much flexibility," she says. "If you have complete mandatory sentencing, you would need a computer, not a judge. You eliminate the reason for having a judge, who considers the nature of the crime, the person, and the likelihood of the person repeating the crime. Mandatory sentencing ties your hands, and we have to consider its results in deciding whether it can solve the crime problem," she stresses.

Although Judge Hand approves of stricter controls on sentencing, he doesn't favor a total withdrawal of discretionary powers of judges.

"IN ENGLAND 100 years ago, you could be hanged for any one of 300 crimes," he notes. "Punishment was out of proportion to the crimes committed. I think we would be foolish

not to heed the history of juris prudence."

Some of the public pressure to reform the courts and prisons procedures can be attributed to the clogged dockets and resulting backlogs, Judge Hand says.

Citing Detroit Recorder's Court statistics, he noted that 100 murder cases are awaiting trial and some armed robbery cases awaiting processing are four years old.

"This kind of problem often encourages plea bargaining," he says. "Very often the warrant is overruled, and when the prosecutor gets down to the nitty gritty, he finds he can't make the case stick. Or one of the witnesses turns out to be a bad witness or doesn't want to testify."

"When these cases get so old, some of the witnesses have moved away, and it's more likely a conviction will result from a lesser charge."

Both judges agree that the population increase is a large contributor to the rise in crime and that the public seems hesitant to pay the additional cost of prosecuting more criminals.

"As long as the population expands, you'll have more people breaking the law, and case loads increase as the community increases in size," Judge Hand says.

Judge Schaeffer speculates that perhaps the crime problem will decrease when the national population decrease catches up with the average age of criminals, roughly between 17-25.

BOTH JUDGES believe simple answers to crime problems are difficult to find, but Judge Hand is convinced presumptive sentencing would promote swifter trials and sentencing.

Judge Schaeffer sees a possibility in additional litigation if presumptive sentencing isn't carefully considered.

"It's conceivable that you could create a second tier of litigation in sentencing that might slow the courts down further," she says. "I question whether mandatory sentencing could create more problems than it solves."



Paramecia, I presume?

Using a magnifying glass, student Gurne Formin examines the results of his paramecia experiment. Turn to Page 3A for further information on what Junior Dr. Frankenstein is developing at the O.E. Dunckel Junior High Science Fair. (Staff photo by Harry Mauthe)

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THINK OF VALENTINES

Suburban Life Editor Loraine McClish is thinking ahead to Valentine's Day, when seniors and handicapped residents of the Farmington area will be treated to a concert. For more information about a special event on a special day, turn to page 1B.