

# How aggressive lawyers, costly lawsuits and runaway medical bills make Detroit car insurance unaffordable

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It seemed about as minor as auto accidents can get.

A car moving less than 5 m.p.h. bumped into a U-Haul van on a Detroit street. The driver of the car didn't even bother to stop. And none of the three men in the truck initially voiced any complaints of injury, according to deposition testimony.

One filed a police report to show U-Haul, and within days, callers claiming to be lawyers contacted all three urging doctor visits and legal claims.

The U-Haul's driver said he wasn't hurt and hung up. A passenger also hung up on his caller, even after he was offered \$600-\$800 to see the caller's doctor and file a claim.

But the second passenger got connected with a Southfield-based law firm and sued U-Haul's insurance company, claiming more than \$25,000 in medical expenses under Michigan's no-fault auto insurance system. Those charges included \$9,900 for MRIs and \$3,200 for a transportation company to shuttle him to appointments.

A Wayne County judge dismissed the case last year, after the man didn't show up for independent medical examinations of his alleged injuries.

But the lawsuit — and thousands like it filed each year in Wayne County Circuit Court, involving over tens of thousands of dollars in medical bills and in-home benefits — helps explain why Detroit drivers face the highest average auto insurance rates in the country, often more than \$3,000 a year for a single vehicle.

Overall, Michigan residents pay the third-highest car insurance rates nationwide, according to the latest figures released by the National Association of Insurance Commissioners.

While carjackings, vehicle thefts, and even racist "redlining" are commonly discussed reasons for the high rates in Detroit, a Free Press investigation finds that runaway medical bills, disability benefits payouts and lawsuits under Michigan's one-of-a-kind, no-fault insurance system play a key role in driving up costs.

Michigan's system allows for unlimited lifetime benefits. In the 11 other states that have no-fault insurance, benefits are capped.

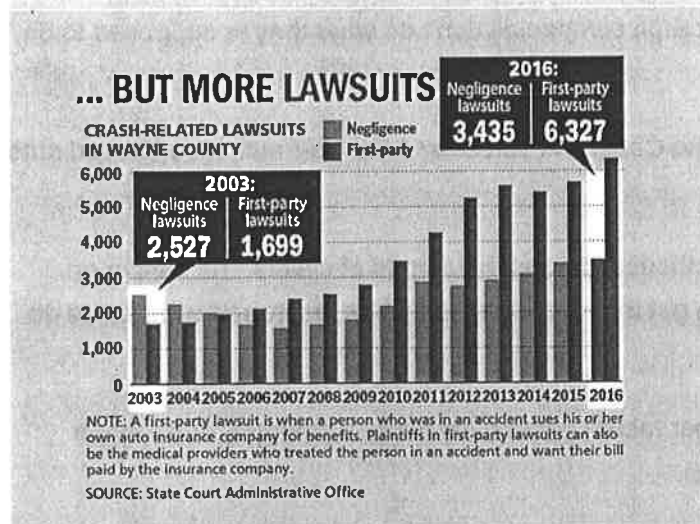
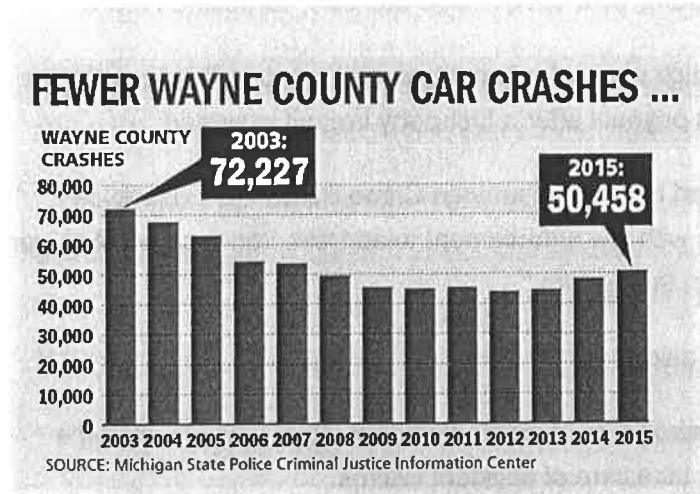
The Free Press investigation found:

- **A SURGE IN LAWSUITS:** The number of lawsuits generally filed by motorists and passengers in accidents who are seeking benefits from their own auto insurance companies — called first-party lawsuits — have nearly quadrupled in Wayne County since 2004, even as accidents have dropped. They now comprise more than two-thirds of the lawsuits in the state.
- **HIGH MEDICAL BILLS:** Some MRI centers that appear frequently in no-fault lawsuits in metro Detroit charge as much as \$5,300 for an MRI that would cost less than \$1,000 at other facilities or about \$500 under Medicare. People involved in accidents, who are often free to go to any provider, sometimes get steered to specific centers where the billing is higher. Plaintiffs in accidents will visit medical providers for months on end to bolster separate negligence lawsuits against drivers of the other vehicle.
- **PRICY PERSONAL CARE:** Some doctors routinely declare people disabled for months after seemingly minor accidents, providing an opportunity for relatives or friends to get paid hundreds of dollars a week for attendant care to help with basic needs such as meal preparation and dressing. Medical transportation services routinely charge auto insurance companies \$100 to almost \$200 a day to shuttle no-fault patients to and from a single medical appointment — even one just 2 miles away.
- **SOLICITATION OF VICTIMS:** It is illegal in Michigan to solicit people who have been in accidents for commercial purposes, such as legal services or physical therapy, within 30 days of the car crash. But in a review of hundreds of lawsuits filed in Wayne County, the Free Press found multiple examples of people being solicited within hours or days of an accident.
- **NO FRAUD WATCHDOG:** Michigan — unlike many other no-fault states — has no dedicated no-fault insurance fraud watchdog. Other states such as Florida have contained medical costs by aggressively pursuing fraud in urban areas.

“A whole lot of people are moving out of the neighborhoods because they can’t afford car insurance. It’s almost as much as a housing payment,” Detroit Mayor Mike Duggan told Lansing lawmakers last month. “This is devastating for us.”

Driving up the costs is the aggressive and sometimes illegal solicitation of people involved in Detroit crashes by others directing them to lawyers or medical clinics. The city also has seen an explosion of advertising on billboards, buses, TV and radio from personal-injury attorneys and referral services. Plaintiffs get reeled in with promises of up-front cash, benefits to family members and friends for attendant-care services, and hopes of a much larger payout in separate negligence lawsuits.

In the end, it is Detroiters who pay the price: Insurers pass on the high costs of no-fault claims to customers through higher premiums — specifically using ZIP codes to place those costs in the geographic area where the individuals who generated the claims reside.



## Insurance companies blame lawyers; lawyers blame insurance companies

Lawyers insist they are forced to file lawsuits to make recalcitrant insurance companies pay what is due to victims.

Others say Michigan's no-fault law is ripe for scams that benefit lawyers and medical providers, but result in insurance premiums that are increasingly unaffordable. That, in turn, becomes a factor in people's decision to move into or out of Detroit and affects the city's growth and future, business and civic leaders say.

These lawsuits typically end with an insurance company settlement. Critics say auto insurers often settle bogus claims to avoid the bigger expense of continued litigation. Oftentimes, the total settlement stays confidential. But among cases where at least part of a settlement was recorded, a Free Press examination found insurers commonly paid out \$12,000-\$80,000, sometimes more.

Adding fuel to the frenzy is the common practice of accident attorneys taking a one-third cut of their client's medical billings and disability benefits payouts after a first-party lawsuit is settled.

Frank Scafidi, spokesman for the Illinois-based National Insurance Crime Bureau, an insurance industry-supported organization that partners with law enforcement to address fraud, called Michigan "the crown jewel for people who seek to game the system."

"Everybody is lined up at the trough," Scafidi said.

However, Joumana Kayrouz, one of metro Detroit's most visible personal-injury lawyers, said the real culprit is insurance companies who don't take care of accident victims.

"I file lawsuits every single day because insurance companies don't do what they're supposed to do," she said.

Attorney George Sinas, general counsel for the Coalition Protecting Auto No-Fault, also blamed auto insurers for the spike in first-party lawsuits.

"They can deny with impunity thousands and thousands and thousands of claims," he said in an interview Friday. "They force people to sue to get their benefits, and when insurance companies do that they're driving up the costs."

Detroit drivers pay, on average, about \$283 per month per vehicle for full coverage, or \$3,396 a year, according to a survey by Duggan's office.

That's more than double the statewide average of \$1,350 in 2014, which was the third-highest of the 50 states, just below Louisiana and New Jersey, according to the most recent data of the National Association of Insurance Commissioners. The association put the national average at \$982.

Detroiters use their personal injury protection (PIP) benefits twice as often and for twice the average amount as policy holders in the suburbs — \$60,000 in Detroit versus \$32,000 in claims among suburban drivers, according to [an actuarial study](#) commissioned by the City of Detroit and released in 2015 by Bloomington, Ill.-based Pinnacle Actuarial Resources. The largest component of a typical Detroit auto insurance policy is the PIP — 44% of the cost, according to the study.

PIP includes benefits such as emergency room care, doctors visits, physical therapy, chiropractors, surgeries and medical transportation, as well as in-home attendant care.

Of course, many Detroiters are on Medicaid or Medicare — or lack insurance completely. In those cases, no-fault insurance is the primary payer if they get into an auto accident — forcing Detroit residents to rely more on their PIP benefits.

However, Matt Coffey, an attorney at Fordney and Coffey in Saginaw who represents insurance companies in lawsuits, said people who have been in crashes often keep using their no-fault benefits to go to physical therapy and doctors appointments for months on end because of encouragement from lawyers.

They tell clients -- that by generating more medical bills for auto insurance to pay -  
- they're demonstrating a severity of injury that will increase their odds of winning a separate, negligence lawsuit against the other driver.

"Some lawyers will say to these people, 'Look, the longer you treat, the more money I'm going to be able to get to you,'" said Coffey, who is a lecturer on insurance at Central Michigan University. "The majority of plaintiffs lawyers don't do that. But you see some less-reputable attorneys that are doing that."

Steve Gursten, head of the Michigan Auto Law firm in Farmington Hills, called the exploitation of no-fault benefits a "Grand Canyon-sized loophole in our no-fault system.

"All of the other lawyers now see the incredible amounts of money that some bad actors are making, and it's an incentive for more people to jump on the bandwagon with ever more billboards and ever more radio commercials.

"They're making all of their money because that person with that very minor whiplash is now going to get eight months of medical treatment and have \$100,000 in bills," said Gursten, who has been [outspoken on his blog](#), about abuses that he believes imperil the no-fault system for injured people who need it.

In response to rising costs, Connecticut, Georgia, Colorado and other states abandoned no-fault altogether.

For this investigation, the Free Press reviewed 1,500 first-party lawsuits filed in Wayne County Circuit Court in early 2015. The cases were far enough back for most to already be adjudicated with outcomes available. The Free Press also interviewed dozens of insurance experts and attorneys who represent accident victims, medical providers and insurers.

In Wayne County, the number of such lawsuits have nearly quadrupled since 2004, reaching 6,327 last year, according to data by the State Court Administrative Office. That figure also includes cases filed by the motorist's medical care providers seeking payment for bills the person generated.

These cases have also been on the rise statewide and surpassed negligence lawsuits in volume for the first time in 2012. There were 9,077 first-party cases in the state last year, compared with 7,822 negligence cases.

These first-party lawsuits are different from the negligence lawsuits in which one driver sues another after a crash. No-fault insurance, enacted in 1973, was designed to reduce negligence suits and make it easier for car crash victims to get medical care.


**BY THE NUMBERS: A DETROIT QUOTE**  
An annual quote provided online by a major auto insurer.

**2005 CHEVY MALIBU**  
Address in 48225 ZIP Code  
(northeast Detroit)  
10,000 miles driven per year  
Basic coverage including  
comprehensive (theft) and  
collision coverage with  
\$1,000 deductibles

**TOTAL ANNUAL QUOTE:**  
**\$4,952**

Personal injury protection	\$3,332
Collision	\$1,042
Bodily injury liability	\$260
Comprehensive	\$234
Property protection	\$60
Property damage liability	\$24

If the owner chose not to obtain collision and comprehensive coverage, the annual premium would be \$3,676



SOURCE: Pinnacle Actuarial Resources report from 2015, with rate quote provided by City of Detroit representative

## Accident victims pitted against their own insurance companies

To be sure, some vehicle crashes are serious and those injured need expensive medical care, sometimes for the rest of their lives.

Ashley Hogan, 26, of Midland, who was paralyzed from the waist down in a 2013 auto accident, is able to live more or less independently, thanks to unlimited no-fault benefits, including in-home care and household assistance.

"Without it, I don't know where I would be, probably in a nursing home somewhere living off the state," she said.

Some of the most visible personal-injury attorneys in Detroit, including Kayrouz and Carl Collins III, told the Free Press that their firms provide a valuable service that keeps insurance companies honest about paying justified medical bills and no-fault benefits.

"I believe if the insurance companies would pay and do their job, then there would not be the increasing number of lawsuits there are," Collins said.

Charlie Parkhill, an owner of the Recovery Project, a metro Detroit rehabilitation center that treats many accident patients, said he hasn't yet had to sue insurers for payment on bills but "the general feeling among providers is they are making it more and more difficult all the time."

"We do, from time to time, have to get an attorney involved to make it happen," he said.

However, attorney Coffey, who regularly represents insurance companies in first-party lawsuits, said there are good reasons why auto insurers often resist paying the big medical bills that some patients ring up.

"The reason insurance companies are cutting people off — and this is true in metro Detroit and it's true anywhere — is you see these long periods of treatment for soft-tissue injuries, and the people aren't getting better, and they keep going back and back and back" to the same medical providers, he said.

"That, of course, flips a red-light switch on for the insurance company — 'Why is this person not getting better?' — and the response of the person is, 'Well, I don't have to get any better. There's no requirement that you have to get any better. You're supposed to treat me as long as it's reasonable and necessary,' and so they send them to a (independent medical examination) and they cut them off, and that immediately starts a lawsuit."

Critics say having an auto policy in Michigan is essentially paying for health insurance twice. That is because regular health insurance would still be there to cover auto accident injuries if Michigan wasn't a no-fault state.

Supporters of no-fault note how the system offers more comprehensive coverage after accidents than private health insurance — including in-home nursing care, long-term physical therapy and lost wages — and call it a godsend for people who are catastrophically injured.

"No-fault is a protection for all citizens against being injured by an uninsured motorist in a catastrophic accident, and frankly, it's a model for the country," said Oakland County Executive L. Brooks Paterson, who was severely injured in a 2012 car accident.

Duggan says a reform option he proposed two years ago, called D-Insurance, could reduce average premiums for Detroit drivers by \$600 to more than \$2,000 a year by giving Detroiters an option to purchase car insurance policies with a monetary cap on medical benefits. His plan, which required legislative approval, was vigorously opposed by the hospital lobby and many plaintiffs attorneys. It ultimately stalled in Lansing.

The mayor, a former Wayne County prosecutor and Detroit hospital executive, said in his State of the City Address in February that "the system is completely out of control. ... And we know what the

problems are. The hospitals and the medical community are charging triple what they're getting from Blue Cross."

"Lawyers are taking ... a good chunk of the medical bills and they're taking them in legal fees — driving the costs up more," Duggan said. "And of course, the insurance companies pass all of this on with a profit. So the insurance companies are doing fine, the lawyers are doing fine, the hospitals are doing fine, and all of us are paying the bill."

Police have estimated that 60% of people in Detroit lack insurance but still drive. It's a firm rule that motorists in Michigan who drive without insurance are ineligible for no-fault benefits. But injured pedestrians and passengers in uninsured vehicles are still entitled to them, often through a program called the Michigan Assigned Claims Plan.

The program's existence helps to explain why Detroiters are filing frequent no-fault claims, even though many in the city can't afford Detroit's high car insurance rates.

Wayne County residents filed for 49% of the record \$248 million in assigned claims in the state in 2015, even though the county represents about 18% of Michigan's population, according to Terri Miller, who recently retired as executive director of the Michigan Assigned Claims Plan.

## **\$5,000 for a single MRI?**

Exorbitantly priced MRI scans are Exhibit A of how medical bills are overwhelming the no-fault system.

The Free Press found commonly utilized MRI centers just outside Detroit that charge more than \$5,000 per MRI to Detroit patients' auto insurance companies.

These prices exceed what area hospitals charge — typically about \$1,900 to \$2,600 per MRI, according to hospital representatives and bills reviewed by the Free Press. Medicare recently paid about \$500 per image in the region, and some metro Detroit MRI centers now offer \$250-\$350 cash rates for cost-conscious consumers.

Of course, health insurers such as Blue Cross Blue Shield ordinarily negotiate significant discounts off the full list prices of medical services.

However, auto insurers — compelled by the complex economics of health care billing and the fine print of Michigan's no-fault law — often pay much higher charges than private health insurers. Many no-fault medical providers are in standalone clinics, unaffiliated with major hospital systems, and don't participate in billing networks that can give negotiated discounts.



Peter Kuhnmuench, executive director of the Insurance Alliance of Michigan, an industry group, noted how the no-fault law requires auto insurers to pay "reasonable charges" for services that were "reasonably necessary." Courts have defined "reasonable charges" as what a hospital or clinic would bill a patient without insurance, typically the medical provider's "charge-master" rates, which are list prices for services that in health care typically reflect big markups.

"There is no agreement on what is a 'reasonable charge' for a medical service," said Gursten, the attorney with Michigan Auto Law. "What that has done is create an entire industry of provider lawyers and provider lawsuits where, unfortunately, with certain doctors and certain medical providers, there is an incentive to pad bills."

Even medical charges that courts deemed reasonable can still seem exorbitant. A jury in Ann Arbor's 15th District Court in 2015 found it reasonable for an MRI Center in Southfield called Silver Pine Imaging to bill and collect \$5,300 per MRI from an auto insurance company. Lawyers in Wayne County lawsuits have cited that decision as precedent for auto insurers to pay large MRI bills in full.

Situated in a light-brown building on 10 Mile in Southfield near Lawrence Tech, Silver Pine Imaging was among the highest per-image MRI billers in the 1,500 no-fault lawsuits the Free Press reviewed. In one case, Silver Pine demanded payment from Travelers Insurance in 2015 for six MRIs at \$5,300 each that were performed on a Detroit car crash victim. The bill for those six MRIs totaled \$31,800 — enough to buy a well-equipped car.

Similar rates have been charged at what was Horizon Imaging LLC — \$5,300 per MRI — and Southfield-based Affiliated Diagnostics of Oakland, which billed \$4,950-\$5,250 per MRI and was the most frequently visited MRI center by patients in the first-party lawsuits the Free Press reviewed.

Those charges far exceeded what some of the MRI centers initially told state regulators they anticipated charging.

When applying for a state "certificate of need," Silver Pine in 2011 estimated that it would charge \$700 per MRI, and Affiliated Diagnostics estimated in 2010 it would bill between \$425 and \$512 per scan, according to the Michigan Department of Health and Human Services. Horizon Imaging's former price estimates are no longer on file with the department.

In fairness, department spokesman Bob Wheaton emphasized that MRI price estimates are not legally binding. Those figures are generally used just to evaluate the financial sustainability of a medical provider's business model and are not for regulating charges, he said.

Repeated calls seeking comment from Silver Pine's office and its attorney were not returned. A representative for Affiliated Diagnostics did not return multiple messages left by phone and in person at the Southfield office.

A woman who answered the phone at the number used by Horizon Imaging said the MRI center was now Gravity Imaging and that no one was available to discuss Horizon's past MRI billings.

There are some MRI centers in metro Detroit that charge far lower prices to consumers who aren't paying with auto insurance. For instance, Central Medical Imaging in Royal Oak charges \$350 for cash-only patients and Basha Diagnostics offers \$250 cash specials on Sundays for certain body areas.

Basha Diagnostics' owner, Dr. Yahya Basha, said his high patient volume allows him to keep modest prices and still turn a profit while using top-of-the-line MRI equipment. Although his \$250 specials are for cash-only patients, Basha said his MRI charges to insurance companies — amounts he declined to specify — are half what area hospitals charge.

Basha said his rates are popular with patients whose health insurance carries a high deductible and who are compelled to look around for deals.

In years past, patients rarely bothered to research the costs of medical services because they only had to worry about co-pays — their insurance would pick up the remaining cost, whatever it was. But those days are ending because more health insurance plans carry significant deductibles that patients must pay before coverage kicks in, commonly about \$1,500 to \$3,000 for an individual.

Michigan's no-fault auto insurance, however, still offers patients all-you-can-use medical coverage — no co-pays and generally a \$300, or sometimes \$500, deductible.

"Blue Cross used to be like a credit card — no co-pay, no deductible, or very little if any," Basha said. "So the patients had no sensitivity to the cost of health care and what the facility charges. Now, the people are sensitive to prices, and that's the reason we get called every day."

## **\$100 for a short ride to the doctor**

Big bills for shuttling patients to and from therapy and doctors appointments are another contributor to the high cost of auto insurance in Detroit.

These rides are a no-fault benefit for patients who have been deemed unfit to drive by a doctor or sometimes a chiropractor. Local medical transportation companies — some independent, some run by clinics — specialize in shuttling patients.

The cost of these rides — typically in minivans — is charged to auto insurance and is free for the patient. Because patients commonly have three or more rehab and doctors appointments scheduled each week for a period of months, transportation bills add up quickly and routinely hit thousands of dollars.

A common flat rate in metro Detroit for no-fault insurance patients is \$100 per round-trip for short distances, such as 12 miles. For longer rides, companies might calculate their bill using pickup fees, drop-off fees and per-mile charges. Some companies charge \$45 for pickups, \$45 for drop-offs and \$3.50 per mile.

These rates are well beyond what consumers in general pay for cabs or the popular Uber ride-hailing service. A metro Detroit Uber ride this month cost \$3.15 for base fares, then 70 cents per mile (plus 15 cents per minute).

Getwell Medical Transport in Southfield was a commonly utilized transportation company in the lawsuits the Free Press reviewed.

Getwell once charged State Farm Insurance a \$100 fee each time it shuttled a Ferndale man to and from his house to a chiropractic clinic less than 2 miles away, according to court records and the patient's bills. Getwell's total billings for the patient over many months came to \$3,500.

Meanwhile, the severity of the young man's accident injuries from the 2013 accident came into question after he was observed on surveillance video catching buses and walking around Ferndale on his own.

The man initially became eligible for the transportation rides based on a doctor's diagnosis. However, another doctor who performed an independent medical examination for the insurance company said the man wasn't that hurt and shouldn't have been prescribed the transportation. Getwell only provided the man's rides and had no involvement in his diagnosis or treatment regimen.

An attorney for Getwell Medical Transport said the company's charges are reasonable and below those of other medical transportation firms. The attorney, Gary Blumberg, emphasized that medical transportation is an unpredictable business in which insurance companies routinely delay payment or pay less than is owed.

"They wait sometimes years to get paid," he said. "Sometimes they don't get paid at all."

Tender Care Transportation in Dearborn Heights routinely charged \$191 each time it shuttled a Detroit no-fault patient to and from a chiropractic clinic in Southfield, a 42-mile round trip in the van, court records show. The female patient's auto insurer at first paid these ride bills, but stopped once it became skeptical of the woman's need to continue chiropractic treatment. Tender Care then sued Farmers Insurance for the outstanding \$6,909 transportation balance.

Tender Care co-owner Matt Shwehdi said in a 2015 deposition that his company provides a lot of rides to people recovering from auto accidents. His standard rates at the time were \$45 for pickups, \$45 for drop offs and \$3.50 per mile. Asked whether he ever accepts less from an insurance company than what was billed, Shwehdi said he sues if an insurer fails to pay in full.

Tender Care ultimately didn't get its bill paid in this case. A judge in Royal Oak's 44th District Court ruled last year in favor of Farmers Insurance and its argument that because the woman's ongoing chiropractic treatments weren't medically necessary, neither were her van rides to the Southfield clinic. Tender Care had no role in the patient's diagnosis or treatment.

Attorney Wayne Miller of Farmington Hills-based Miller & Tischler, who often represents medical providers in first-party lawsuits for payment from auto insurers, said hospitals and clinics routinely see their bills cut in settlements.

He said insurance companies sometimes invite such litigation as a cost-control strategy by paying just part of a bill, then waiting to see whether the provider accepts the reduced amount or goes to court for the full amount.

"It is the norm for service providers to take significant discounts off of the stated charges," said Miller, an adjunct law professor at Wayne State University who teaches classes on no-fault insurance.

## **Attendant care ripe for abuse**

In-home nursing services, known as "attendant care," can be a valuable although costly no-fault insurance benefit, as hourly billings extend over days, weeks, months or years.

The Free Press investigation found the benefit is also ripe for abuse.

Doctors routinely find people too injured for physical activities after seemingly minor accidents, providing an opportunity for relatives or friends to get paid roughly \$11-\$22 an hour to provide the in-home care.

"The big brass ring is the attendant care," said Miller, the former director of the Michigan Assigned Claims Plan. "There's where there's really a ton of fraud and abuse."

In one case, Geico agreed to pay a Southfield mother and her friend to provide 24-hour attendant care to the mother's son, who was catastrophically injured in 2013 when he was hit by a vehicle while crossing a street. He sustained traumatic brain injury, required a tracheostomy and now uses a wheeled walker to get around.

Both women were licensed nurses. They took turns working 12-hour shifts and initially were paid \$20 per hour and \$16 an hour, respectively, according to court documents.

But once the mother incorporated her own attendant-care business, Rapha Care & Rehabilitation Corp., to provide care in August 2014, she began demanding payment rates of \$75 per hour for

herself and \$70 per hour for her friend. The daily bill for the young man's care surged to \$1,740, or \$635,100 per year.

The mother also incorporated her own transportation company, which charged to drive her son to medical appointments, including \$149 for every round-trip to a rehab center less than 12 miles away, according to court documents and billing statements.

The auto insurer balked at paying the new rates.

"It is unfathomable how incorporating, yet working out of the home, warrants an hourly rate of \$75 per hour and \$70 per hour," Geico's lawyers wrote in court documents.

Geico also hired a private investigation service to conduct surveillance on the home. The company, Advantage Investigations, reported that the women weren't always there with the son during the hours billed. The case ended this year with a \$750,000 insurance settlement for past attendant-care bills; future attendant care will be paid at a to-be-determined rate.

Miller said she has encountered similar situations in which a single family member will be paid to provide 24-hour attendant care for an injured relative.

"Can a person really provide attendant care 24 hours a day? The answer to that is no," Miller said. "But what we're told in court is, 'Well, I have to sleep with one eye open and be on call if they call out in the middle of the night,' and literally we lose (the case)."

In another first-party lawsuit, a Southfield-based company called Caring Heart Attendant Care sued the insurer American International Group, known as AIG, over nonpayment of attendant-care bills for a woman hurt in a September 2012 crash. But the company's case began to unravel as details emerged about its business and the purported severity of the woman's injuries.

Caring Heart billed for providing 24-hour attendant care to the woman during the month of July 2014. However, undercover surveillance found the woman outside her residence and unattended during some of those hours as she drove a vehicle, went grocery shopping and lifted objects by herself, according to court documents.

It was revealed that AIG had paid out more than \$100,000 to Caring Heart, but the company paid just \$14,400 of that money to the three home health aides who actually provided the care.

When Caring Heart's owner, Jarrett Beavers, was asked where the rest of the money went, he replied, "The overhead of the company" and did not offer specifics, according to his deposition testimony.

A judge dismissed the lawsuit last year. Beavers did not return multiple phone messages seeking comment, and the lawyer who represented his business, Michael Fergestrom of the Dollar Law Firm, also didn't respond.

## **'Hanging out the welcome mat' for fraud**

Even as it offers the most lucrative benefits, Michigan is one of the few no-fault states without any dedicated auto insurance fraud watchdog.

"The fact that Michigan doesn't have a fraud authority is like hanging out a welcome mat for unscrupulous individuals," said Lori Conarton, communications director at the Insurance Alliance of Michigan.

Andrea Bitely, a spokeswoman for the Michigan Attorney General's Office, was unaware of any state-level investigations into no-fault fraud.

"There isn't a dedicated unit that is looking at that directly, but our criminal division would be responsible for prosecuting fraud that is brought to the Attorney General's Office," she said.

Jane Boudreau, a former Oakland County Sheriff's sergeant, is CEO of Jane Doe Investigations, a private company that regularly investigates no-fault claims for auto insurance companies.

Boudreau said her Commerce Township-based firm has encountered scores of questionable injury claims across the state in which a person professes to be seriously injured from a car accident but doesn't look very injured at all. Many of these cases involve substantial monetary claims for in-home care and months of \$20-per-day for help with household chores.

One of the most egregious cases involved a man who was claiming attendant care and other no-fault benefits for his supposedly serious car crash injuries, but who was caught participating in a mixed-martial arts cage fight in Traverse City.

She recalled her surprise at discovering how auto insurers regularly agree to monetary settlements in first-party lawsuits, even when evidence of exaggerated injuries or fraud seems overwhelming. Boudreau said a high-ranking official at a major insurance company explained that the cost of settling these cases is often less than fighting them.

"They are giving away free money," Boudreau said of auto insurers. "I hate to say that. But the big picture is, do you want your insurance company to go to trial and spend \$60,000 to \$70,000 on all the depositions and all the motions, or do you just hand them (the plaintiff) \$8,000?"

## **'When did you get hurt?'**

In the case involving the rented U-haul, Southfield-based law firm Wigod & Falzon initially represented the U-Haul passenger, Johnathan Cabil, in his first-party lawsuit for more than \$25,000 in no-fault benefits.

Managing partner Lawrence Falzon told the Free Press that his firm had nothing to do with the mystery callers who urged the men in the U-Haul to see doctors and file claims. Falzon said his firm received Cabil's case from a different law firm that he would not name.

Court documents say Wigod & Falzon dropped Cabil as a client following a "breakdown in the attorney-client relationship."

"I get all of my cases through other law firms," Falzon said. "I don't advertise; I don't solicit; I don't do any of that stuff."

But Antoine Wilcox — who was driving the U-Haul and is Cabil's uncle — was incredulous to learn his nephew claimed to be injured after what Wilcox considered a minor accident, according to his deposition testimony in Cabil's first-party lawsuit for no-fault benefits.

"I said, 'Johnathan, when did you get hurt?'" Wilcox said in his deposition. "'Well, Uncle Tony, they said come down there 'cause it's an injury that I won't know until (I) come in.'"

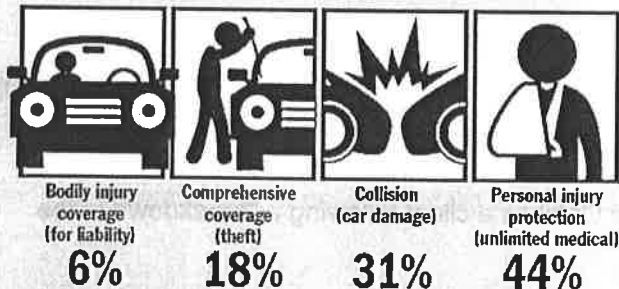
"I told him, 'Johnathan, whoever that was, you should have just told them you wasn't hurt.' And he said, 'Well, Uncle Tony, I need the money.'"

A Wayne County Circuit judge last year dismissed Cabil's lawsuit. Cabil could not be reached for comment and didn't return several messages that were left through Wilcox.

In a phone interview last month, Wilcox said he is still surprised that the solicitors obtained his contact information and details of the U-Haul incident so quickly. "It wasn't even 24 hours before they called me," he said.

The precise outcome of the case's medical bills situation isn't clear from court filings. However, lawyers say that medical providers almost always write off their unpaid no-fault bills should litigation against an insurance company fail or the settlement amount fall short. Patients are rarely, if ever, forced to personally pay outstanding balances in no-fault cases.

## WHAT MAKES UP THE TYPICAL COST OF CAR INSURANCE IN DETROIT



SOURCE: Analysis by Pinnacle Actuarial Resources from 2015

## And it's Detroiters who pay the price

For many Detroiters, such as Darryl Pesti, 26, a maintenance worker and single father of two young girls, car insurance rates in the city are nearly unbearable. He said he pays \$260 a month to insure his 2007 Chevy Cobalt and has a cousin in Arizona who pays only \$140 a month for two newer cars.

"It's just completely outrageous how much they're charging people in Detroit versus somewhere else," he said.

On months when his budget has been especially tight, Pesti said he has had to drop his car insurance and hope he doesn't get pulled over.

"I have been pulled over for it," he said. "The tickets are easier to pay than the insurance."

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