



## ISSUE BRIEF

# Detroiters' Experiences with Homeowners Insurance

July 2025

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# Introduction

Housing stability is a major challenge facing many Detroiters. Generations of redlining, white residential and capital flight, municipal disinvestment, and environmental degradation have left healthy, affordable, and stable housing out of reach for many Detroiters, both renters and homeowners. Recent investments in housing and programs aimed at supporting homeownership have helped Detroit regain its status as a majority homeowner city.<sup>1</sup> However, many homeowners are burdened by their housing costs, despite the city's relatively low property values. According to the most recent census data, 25.7% of Detroit homeowners spend more than 30% of their household income on monthly housing costs, which is considered the upper limit for affordability.

A combination of relatively low incomes among Detroiters and relatively high housing-related expenses drives this housing cost burden. Detroit homeowners pay the highest effective property tax rate in the country, at 3.13%, according to a study by the Lincoln Institute of Land Policy.<sup>2</sup> Detroiters, on average, also pay more for utilities than residents in most other parts of Michigan.<sup>3</sup> In addition, the age and condition of Detroit's housing stock means that many homeowners spend a significant amount on home repair and maintenance.

Another often-overlooked factor making homeownership unaffordable for many Detroiters is the high cost and limited availability of homeowners insurance. According to insurance aggregator site Policy Genius, the average Detroit homeowner spends \$2,327 annually on homeowners insurance, while the average Michigan homeowner spends \$1,422 annually.<sup>4</sup> This average insurance expense translates to more than 6% of the median Detroit household income and more than 3% of the total median home value.

Considering the high insurance costs, it's unsurprising that a recent University of Michigan survey found only 74% of Detroit homeowners have home insurance, compared to the estimated national average of 88%.<sup>5</sup>

This survey, fielded January 13 through March 3, 2025, by the Detroit Metro Area Communities Study and Poverty Solutions at U-M, captures the views of a representative sample of 2,270 Detroit households.

Understanding who owns homes, how they have come to own their homes, and what access they have to insurance is key to improving and expanding efforts to support homeownership in the city. Homeowners insurance is designed to protect the money a homeowner invests in a home and shield them from high repair costs they could incur in the event of a catastrophic loss like fire or storm damage. Also, homeowners insurance is necessary to obtain a mortgage or many other types of home loans, and a lack of availability and affordability constrain residential investment. Additionally, without homeowners insurance, new homeowners, including many supported by governmental and philanthropic programs, risk losing their home to a catastrophic event, and, with that, their foothold on building intergenerational wealth. Using data from the DMACS survey, this brief examines which Detroiters are least likely to have homeowners insurance and why. A future brief will provide analysis of in-depth interviews with uninsured homeowners to gather more insights into their decision-making process and experiences trying to obtain homeowners insurance.

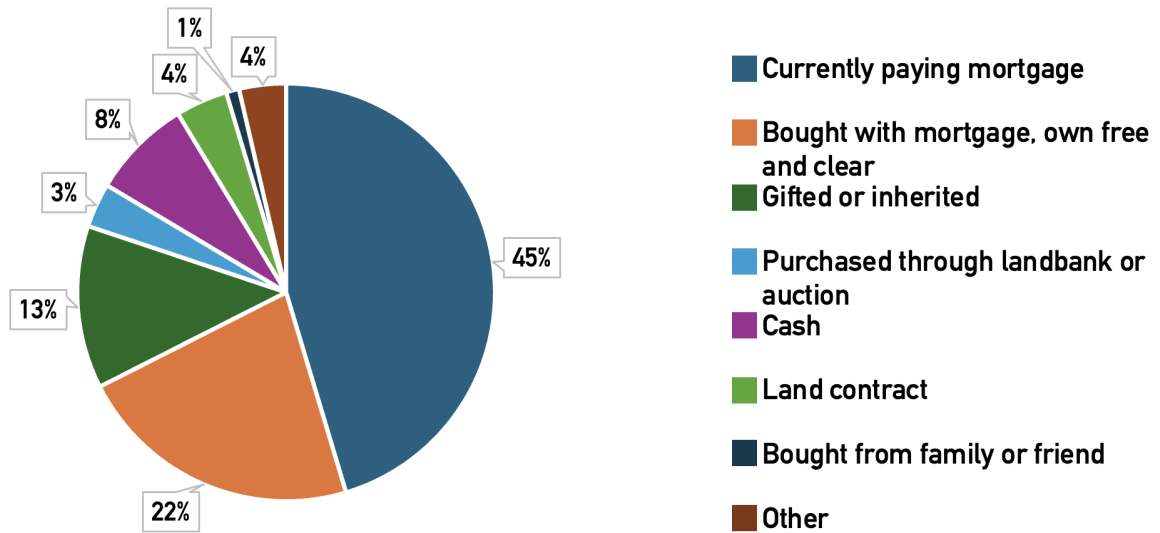
## Detroit homeowners are less likely to have mortgages than the national average.

Consistent with data from the Census Bureau, our survey found 55% of Detroiters own their home. Of those Detroit homeowners surveyed, only 45% have mortgages, compared to 61% of homeowners nationally.<sup>6</sup> This lower rate of mortgage holders contributes to lower rates of insurance, since mortgage holders are required by lenders to maintain homeowners insurance.

- Forty-five percent (45%) of Detroit homeowners are currently paying for their home with a mortgage, and the other 55% own their houses free and clear.
- Another 22% percent of homeowners own their homes free and clear after paying off their mortgage.
- Thirteen percent (13%) of homeowners have either inherited or were gifted their home, and 8% bought their homes outright with cash while another 3% purchased their home through the land bank or auction, which usually requires cash on hand.



**Figure 1: Methods Through Which Homes Were Purchased, Among Detroit Homeowners**



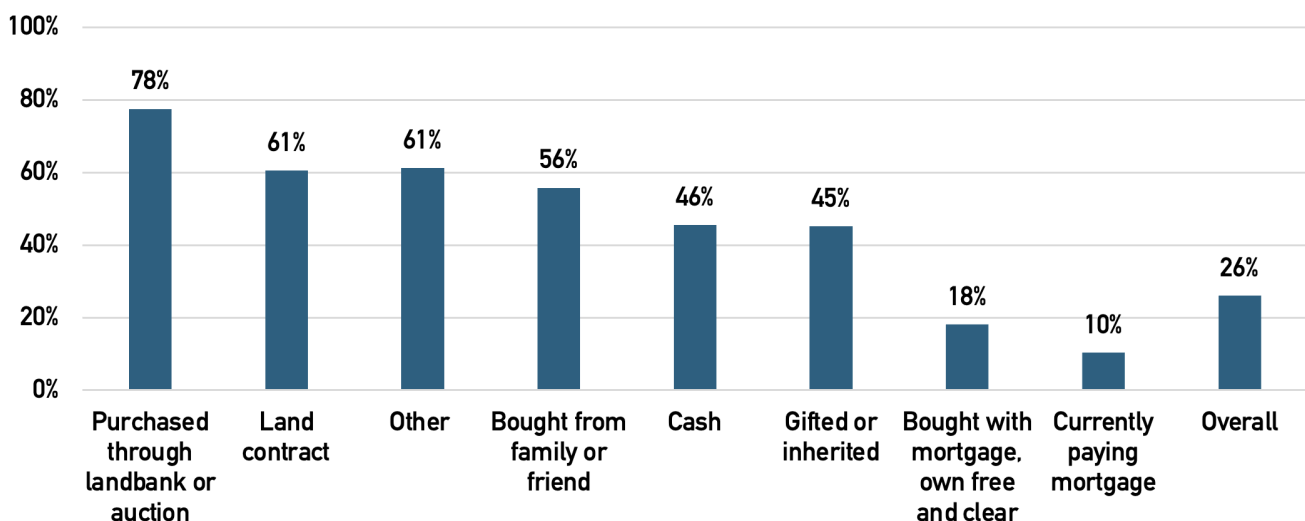
N=1,197

## Homeowners who purchased their home through landbank or auction are more likely to be uninsured.

How people come to own their home appears to play a role in whether they have homeowners insurance. When we look at the proportion of uninsured homeowners by ownership type, a clear pattern emerges. Seventy-eight percent (78%) of Detroit homeowners who purchased their homes through the landbank or auction lack homeowners insurance. These houses are often in poor condition, which could prevent them from being able to obtain insurance; we will explore this issue when we have in-depth interviews with uninsured homeowners.

Conversely, homeowners who have purchased their homes through the mortgage market have the smallest proportions who are uninsured. It is important to note that 10% of homeowners currently paying a mortgage reported that they did not have insurance even though mortgage lenders require it. We include these homeowners here since they may not be aware they have insurance, and this may be helpful for efforts to educate homeowners about insurance. In the next section, we will dig deeper into why homeowners do not have insurance and try to understand why there is variation by how people come to own their homes.

**Figure 2: Proportion Uninsured by Property Acquisition**



N=1,197

# Middle-aged homeowners without mortgages are least likely to carry home insurance.

As noted above, some mortgage holders are unaware they have homeowners insurance. Consequently, when all homeowners were asked if they had insurance, 26% report they are uninsured. When we limit the analysis to homeowners who own their homes without a mortgage, the proportion of those who are uninsured jumps to 38%.

- Greater proportions of middle-aged homeowners without mortgages lack homeowners insurance, with the 35 to 54-year-olds homeowners having the largest proportion without insurance (57%).
- The proportion of homeowners who don't have mortgages and lack insurance decreases as education and income increases, with college-educated households (17%) and households with incomes between \$50,000 and \$99,999 (19%) and incomes of \$100,000 or more (19%) having rates of uninsurance that are half of the overall rate of 38%.

# Detroiters cite cost as the top reason to forego home insurance.

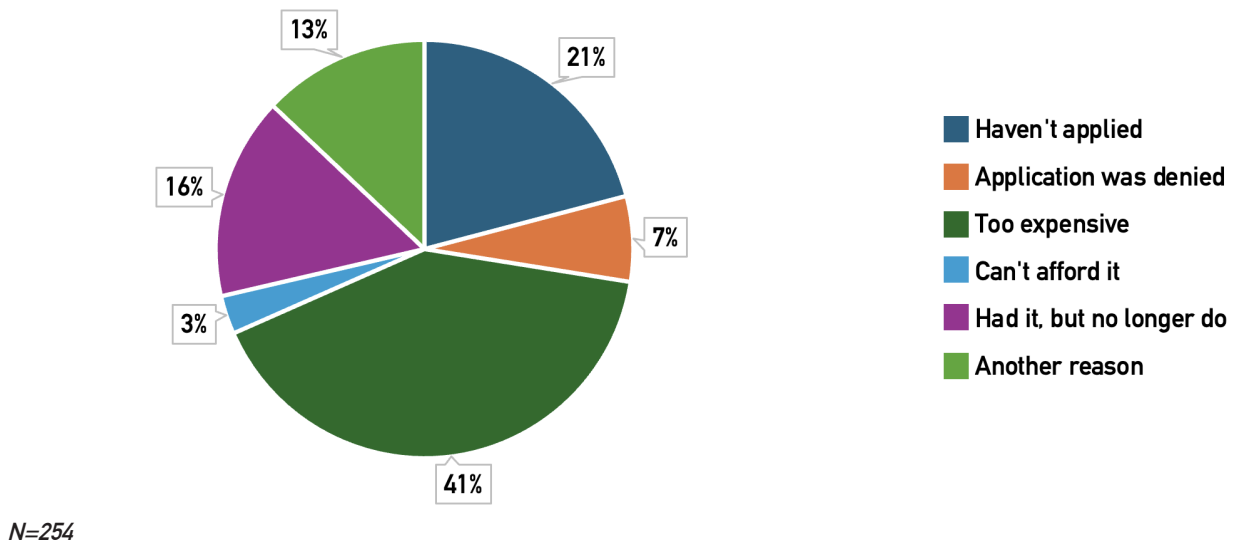
- There are many reasons a homeowner may forego insurance, such as cost, a lack of knowledge about it, or an inability to obtain a policy.
- Forty-one percent (41%) of respondents said the primary reason they do not have insurance is because it is too expensive. An additional 3% said in an open-ended response that they do not have insurance because they cannot afford it, suggesting that while expense and affordability are closely related, some respondents saw them as different issues.
- A sizable portion of homeowners haven't applied for insurance (21%).
- Another 16% had a homeowners insurance policy but no longer do.

Table 1: Free & Clear Homeowners Without Insurance	
	Proportion without insurance
<i>Age of Homeowner</i>	
18-35	39%
35-54	57%
55-64	29%
65+	27%
<i>Education of Homeowner</i>	
Less than high school	59%
High school	52%
Some college	35%
College degree or more	17%
<i>Income of Homeowner</i>	
Less than \$10,000	67%
\$10,000 - \$29,999	58%
\$30,000 - \$49,999	41%
\$50,000 - \$99,999	19%
\$100,000 or more	19%

N=690

- Lastly, 7% of homeowners said insurers denied their insurance applications, which suggests homeowners face challenges obtaining insurance regardless of cost.
- The following sections take a closer look at Detroiters who say the primary reason they don't have homeowners insurance is because they haven't applied for it or because their applications were denied. Cost frequently comes up as a factor, even when Detroiters initially cite a different primary reason for lacking homeowners insurance. The last section explores trends among all Detroiters who mention cost as a factor at any point in explaining why they do not have home insurance.

**Figure 3: Primary Reason for not Having Homeowners Insurance**



## Detroiters say cost, unfamiliarity with homeowners insurance are the primary reasons they haven't applied for it.

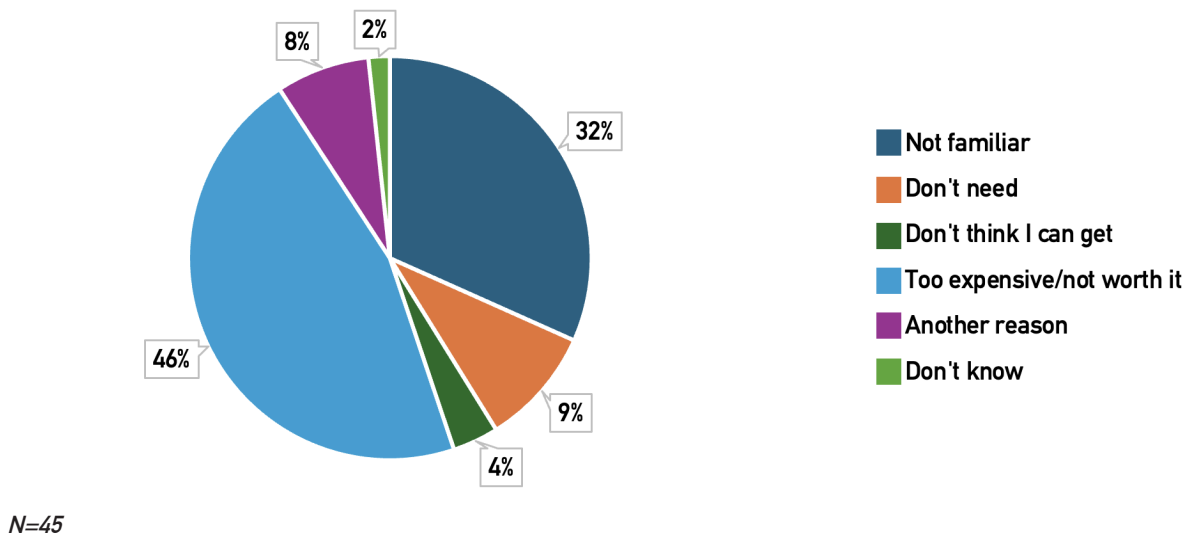
Among the 21% of uninsured Detroit homeowners who said the reason they don't have insurance is because they haven't applied for it, cost came up again as a deterrent. This is in addition to the share of uninsured homeowners who said homeowners insurance is too expensive and they can't afford it as the reason they are uninsured.

- Forty-six percent (46%) of respondents who said they have not applied for homeowners insurance said the reason was because the insurance is too expensive or not worth it.

- Nearly one-third (32%) of those who haven't applied for insurance are unfamiliar with it.

An additional 9% think that they do not need insurance, 4% don't think they can get it, and 7% gave another reason. For these later three groups, analysis of in-depth interviews with Detroit homeowners will help us develop a deeper understanding of the nuance behind these responses. The interviews also will explore how homeowners reached the conclusion that home insurance is not worth the expense.

**Figure 4: Primary Reason for not Applying for Homeowners Insurance**





Additional analysis of the reasons behind not applying for insurance by home acquisition type found that those who paid cash (77%), owned free and clear after paying off their mortgage (55%), bought on land contract (86%), or bought through a land bank (67%) had larger proportions saying they didn't apply for

homeowners insurance because it was too expensive or not worth it. In contrast, the most likely reason for not applying for homeowners insurance among those who bought their home from a friend or family (76%) or had inherited or been gifted their homes (33%) was a lack of familiarity.

## Property conditions prevent some homeowners from obtaining insurance.

Seven percent (7%) of uninsured homeowners tried to get homeowners insurance, but an insurer denied their application. Examining these homeowners, 63% reported that the condition of their property led to having their application being denied.

While this is based on a very small number of respondents (N=19), it speaks to the importance of efforts to expand home repair programs.

## Cost, property condition are factors in previously insured homeowners dropping their home insurance policies.

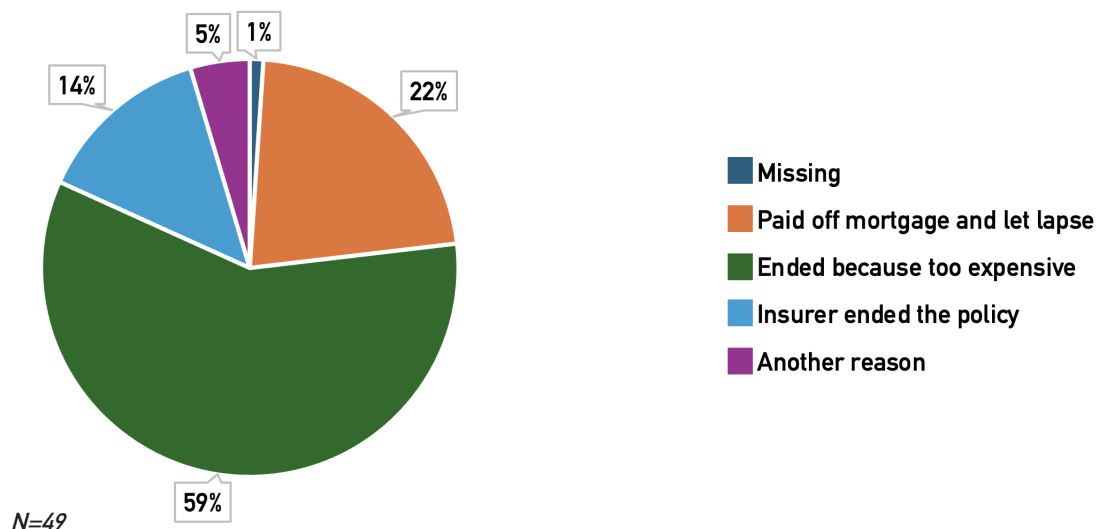
Sixteen percent (16%) of uninsured homeowners said they once had insurance but no longer do.

- When these respondents were asked why they were no longer insured, the majority (59%) said they ended their policy because it was too expensive.
- Another 22% of these homeowners let their policy lapse after they paid off their mortgage.

- Fourteen percent (14%) said their insurers ended their policies, and the vast majority (83%) of homeowners in that situation said the condition of the house or property was the cause.

Further examination of these formerly insured homeowners shows 63% of those who inherited or were gifted their home and 63% of those who purchased their home with a mortgage say they ended their insurance because it was too expensive.

Figure 5: Why do you no longer have insurance?



## Most Detroit homeowners say that cost played a significant role in why they do not have insurance, especially older residents and those with lower incomes.

Cost is the most common reason for lacking homeowners insurance that Detroit homeowners cite upfront, with 41% saying they don't have insurance because it is too expensive and an additional 3% saying that they can't afford it. In addition to those who said insurance was too expensive or they couldn't afford it, the group referenced in this section includes those who didn't apply because they thought it would be too expensive, those who applied but didn't purchase due to expense, and those who ended their insurance because it was too expensive. Out of the 254 uninsured homeowners who responded to the survey and own their homes without mortgages, a total of 63% say that the cost of insurance played a role in why they lack insurance.

When we include all respondents who report that expense played a role in being uninsured, a larger proportion of older homeowners give expense as the reason they lack insurance.

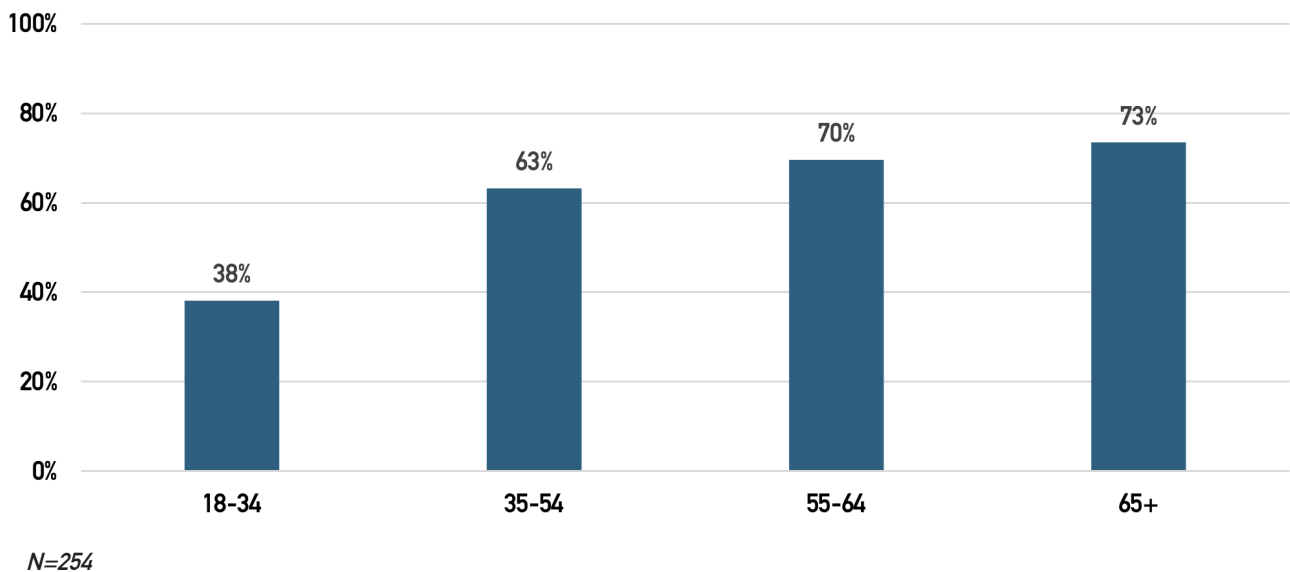
- Only 38% of 18 to 34-year-old homeowners say expense plays a role in not having insurance, but that proportion jumps to 63% for 35 to 54-year-old homeowners and increases to 73% for those over 65.

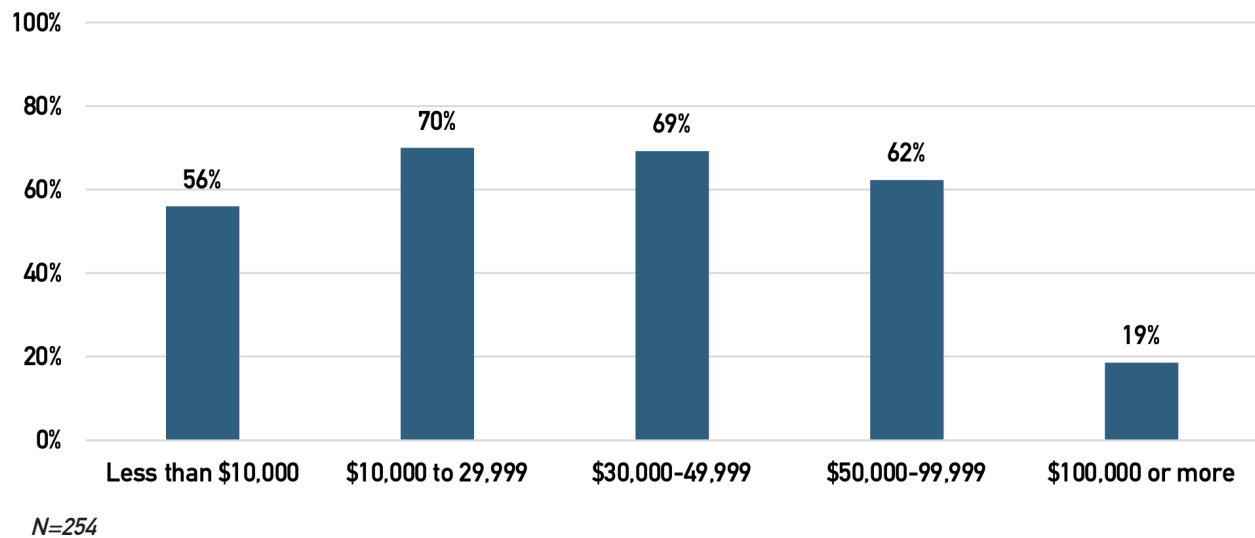
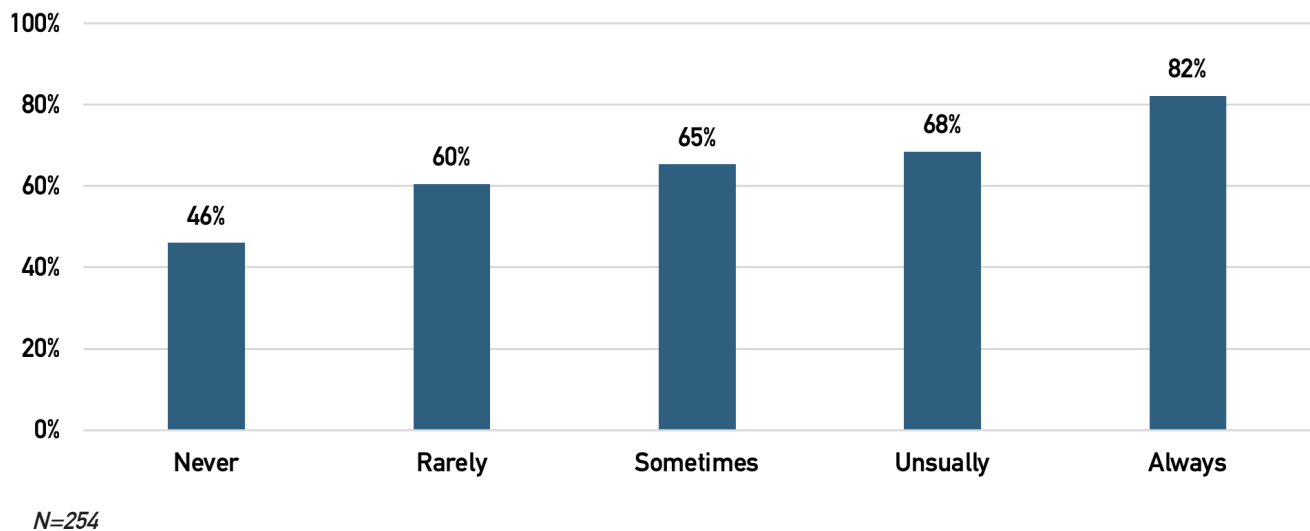
- This distribution could reflect the influx of younger professionals purchasing homes in the city and the fixed incomes of older residents.

Not surprisingly, homeowners with lower incomes were more likely to say expense contributes to their lack of homeowners insurance. We found little variation in the proportion of those who lacked homeowners insurance due to expense by education level.

Struggling with other housing expenses is also associated with expense being a contributing factor in not having homeowners insurance. When we analyzed how often people worry about being able to pay for their property taxes, 82% of those who always worry about paying their property taxes say that expense plays a role in not having homeowners insurance, which is not as common among those who rarely worry about paying property taxes (60%) and people who never worry about paying property taxes (46%).

**Figure 6: Age group: Expense contributes to lack of insurance**



**Figure 7: Income: Expense contributes to lack of insurance****Figure 8: Worry about paying property taxes: Expense contributes to lack of insurance**



## Endnotes

- 1 Rental Property Owners Association Online. (2024). Detroit's homeownership rate surges, reaching majority status again. Rental Property Owners Association Online. <https://www.rpoaonline.org/news/682998/Detroits-Homeownership-Rate-Surges-Reaching-Majority-Status-Again.htm>
- 2 *50-State Property Tax Comparison Study, For Taxes Paid in 2023*. Lincoln Institute of Land Policy (2024), 2. [https://go.lincolninst.edu/50-state-property-tax-comparison-for-2023.pdf?\\_gl=1\\*438ytw\\*\\_ga\\*MTIxMjgxNTIINC4xNzQyNTczMTI2\\*\\_ga\\_26NECLE3MM\\*czE3NDcxNjcwMTMkbzkkZzAkDE3NDcxNjcwMTgkajAkbDAkaDA](https://go.lincolninst.edu/50-state-property-tax-comparison-for-2023.pdf?_gl=1*438ytw*_ga*MTIxMjgxNTIINC4xNzQyNTczMTI2*_ga_26NECLE3MM*czE3NDcxNjcwMTMkbzkkZzAkDE3NDcxNjcwMTgkajAkbDAkaDA)
- 3 Michigan Public Service Commission. (2025). *Comparison Report*. State of Michigan. <https://www.michigan.gov/-/media/Project/Websites/mpsc/consumer/electric/rates1.pdf?rev=ab413a7e2351452d8e59888ab149d53a>
- 4 Brennan, R. (2025, July 1). *Best homeowners insurance in Detroit, MI (2024)*. Policy Genius. <https://www.policygenius.com/homeowners-insurance/michigan/detroit/>
- 5 *American Community Survey 2023 1-year estimates*. U.S. Census Bureau. (2023). IPUMS USA, University of Minnesota. <https://www.ipums.org>
- 6 *American Community Survey 5-year estimates*. U.S. Census Bureau. (2023). B25081. Retrieved from Social Explorer: [https://www.socialexplorer.com/tables/ACS2023\\_5yr/R13889702](https://www.socialexplorer.com/tables/ACS2023_5yr/R13889702)

## Acknowledgements

We are grateful for the generous support of the Kresge Foundation, The Ballmer Group, and Rocket Community Fund that makes this work possible.

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## FOR MORE INFORMATION

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