

# Factory insurance would fight blight

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A Michigan State University study recommends private firms should be required to carry insurance to pay for tearing down their factories and buildings. Credit: Michigan State University

(Medical Xpress)—Automakers and other private firms should be required by law to carry insurance policies to pay for tearing down their factories and buildings, recommends a hard-hitting study from Michigan State University's Center for Community and Economic Development.

Such a requirement would prevent commercial and industrial companies from "walking away" from shuttered facilities – a problem plaguing the nation, said Rex LaMore, director of the CCED and lead author on the study.

In the [automotive industry](#) alone, there are 135 abandoned plants nationwide. That's not to mention the vacant [gas stations](#), [apartment buildings](#) and many other decaying structures that are blighting both rural and urban communities, LaMore said.

"There needs to be a new approach for dealing with abandoned property, because local residents not only pay a price by losing jobs and the resulting ripple effects on the local economy, but the community can be left with property that is unsafe, vulnerable to crime, costly and unappealing to other potential employers," LaMore said.

Currently, facility owners can walk away without dismantling the structure and clearing the property for future use. Responsibility often falls to local municipalities to redevelop or clean up the abandoned property before they can, if ever, attract new companies.

The report calls for federal or state-by-state legislation requiring new commercial and industrial projects to carry [insurance policies](#) that secure financial assurances for any potential future dismantling, removal and restoration of abandoned properties. LaMore said the recommendation applies only to newly built—not existing—facilities.

The report also supports the creation of a private sector industry that develops and maintains insurance that can implement abandoned property clean-ups.

The idea is not without precedent. In various industries, including railway, companies buy an insurance policy on the land where they have business activity. Further, the practice of requiring people and businesses to buy insurance can be seen, at the federal level, for health care and properties within a floodplain, and, at the state level, for automobiles.

LaMore said the proposal is not without disadvantages. It could, for

example, discourage mixed-use structures and increase construction costs.

But the potential benefits outweigh the disadvantages—particularly by ending the pattern of abandoned buildings and the economic drag that can have on a community, he said.

Daniel P. Gilmartin agrees. Gilmartin is executive director and CEO of the Michigan Municipal League, which represents cities, villages and townships – many of which are dealing with abandoned factories and buildings.

"Blighted property is a significant issue for Michigan communities that impacts safety, property values and quality of life," Gilmartin said. "It is a problem we must tackle if we're going to have vibrant places that attract talent. This proposal provides a unique new approach worthy of discussion by policymakers, and we're excited to help move that forward with Michigan State University."

**More information:** [news.msu.edu/media/documents/2013-06-factory-blight.pdf](https://news.msu.edu/media/documents/2013-06-factory-blight.pdf)

Provided by Michigan State University

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