

Consumer Counselor

Insurance Information for Michigan Consumers

Motorcycles and the Michigan Catastrophic Claims Association (MCCA)

Anyone who operates a motor vehicle in Michigan is required to purchase a no-fault insurance policy. A no-fault policy includes three mandatory coverages. These three coverages are Personal Injury Protection (PIP), Property Protection (PPI) and Bodily Injury and Property Damage Liability (BI/PD). The PIP portion of the auto insurance policy pays for unlimited medical and rehabilitation coverage to any insured person, his or her family members, and any other persons injured as a result of an accident involving an insured vehicle (e.g. pedestrian, bicyclist, motorcyclist).

The no-fault policyholder's insurance company is responsible for paying the claims of all injuries resulting from an auto accident. However, the Michigan Catastrophic Claims Association (MCCA) reimburses insurance companies for those claims in which "catastrophic" injuries exceed the retention limit (\$555,000). All insurance companies in Michigan are required to be a member of the MCCA and to pay an assessment to the MCCA for all vehicles insured, including motorcycles. On an auto insurance policy, the insurer will typically pass these costs on to its policyholder, either as part of the PIP premium or as a separate MCCA recoupment fee.

Motorcycles are specifically excluded as a motor vehicle under the no-fault law. Because of this, motorcyclists are unable to purchase a typical no-fault policy that provides unlimited PIP coverage as described above. Motorcyclists are only required to purchase minimal liability coverage, which protects motorcyclists against liability for property damage, bodily injury or death suffered by another person arising out of the use of a motorcycle.

Each insurer who writes motorcycle coverage must also offer the motorcyclist the choice to purchase optional medical benefits coverage. This medical benefits coverage provides benefits to a motorcyclist if they are injured in a motorcycle accident when no other insurance coverage is available. Medical benefits coverage may be purchased in increments of \$5,000 of coverage. The amount of coverage purchased is the limit of medical benefits that will be provided by the motorcyclist's insurance company.

A motorcyclist that chooses to ride without a helmet, **MUST** carry at least \$20,000 of medical benefits coverage. A motorcyclist must also carry at least \$20,000 of medical benefits coverage for each rider choosing not to wear a helmet, unless the rider carries their own medical benefits coverage of at least \$20,000.

Because motorcycle insurance companies are assessed by the MCCA just like motor vehicle insurance companies, the risk and cost of injuries resulting from motorcycle accidents is spread across the entire driving population. Motorcycle claims are paid depending on whether the motorcycle accident involves an insured motor vehicle. If a motorcyclist is involved in an accident with an insured motor vehicle, the insurance company of the motor vehicle will pay unlimited medical benefits for the injuries of the motorcyclist, regardless of who was at fault in the accident. However, the situation is much different if the accident does not involve a motor vehicle. If a motor vehicle is not involved in the accident, the motorcyclist does not have unlimited coverage because they are not eligible for and have not purchased full PIP coverage, and because there is no other insured vehicle involved in the accident from which they can

receive benefits. The motorcyclist may have coverage for at least a portion of their injuries in this situation if they have purchased the optional medical benefits coverage. This benefit would be paid by the motorcyclist's own insurance company but would be limited to the amount of medical benefits coverage that was purchased by the motorcyclist.

While the law does require you to carry insurance on any vehicle that is being operated on the road, you should be aware that not all companies recoup the MCCA assessment in the same manner or amount. Each company may include administrative and other miscellaneous costs in the amount it assesses policyholders for this coverage. Because the MCCA assessment should be prorated only for the period of time the insurance is in force, motorcycle owners may want to consider removing the mandatory coverage while the vehicle is in storage. You may want to discuss this option with your insurance agent to determine what risks these options present and whether it is appropriate and/or available in your personal situation. As with any type of insurance it is important to shop around if you are not satisfied with the cost or service associated with your current policy.

Attached please find an illustration that further explains the above information. If you have additional questions about the MCCA and how the assessment applies to motorcycles, please contact the Office of Consumer Services at 877-999-6442 for additional assistance.

Motorcycle Insurance Coverage

Motorcyclists and Riders wearing Crash Helmets

Motorcyclists and Riders without Crash Helmets

Mandatory:
Liability Coverage protecting against property damage and bodily injury or death of another.

Optional:
Medical Coverage protecting against injuries sustained in a motorcycle accident.

This coverage may be purchased in \$5,000 increments.

Mandatory:
Liability Coverage protecting against property damage and bodily injury or death of another.

Mandatory:
Medical Coverage protecting against injuries sustained in a motorcycle accident.

At least \$20,000 of coverage must be purchased.

Motorcycle accident with a motor vehicle:

Motorcyclist's bills are paid by motor vehicle owner's insurance.

The MCCA reimburses the insurance company for all post threshold losses.

Motorcycle accident not involving a motor vehicle:

Motorcyclist's medical coverage pays to the limit of coverage purchased.

The MCCA does not reimburse post threshold claims.