



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF FINANCIAL AND INSURANCE SERVICES
DEPARTMENT OF LABOR & ECONOMIC GROWTH
ROBERT W. SWANSON, ACTING DIRECTOR

LINDA A. WATTERS
COMMISSIONER

Michigan Catastrophic Claims Association (MCCA) ***Updated March 28, 2006***

What is the Michigan Catastrophic Claims Association (MCCA)?

Michigan is the only state that offers unlimited personal injury protection benefits. These benefits are offered through no-fault auto insurance policies. The Michigan Catastrophic Claims Association (MCCA) reimburses no-fault auto insurers for benefits that exceed \$400,000, as of July 1, 2006. MCCA was created by the legislature as a means of spreading costs across all Michigan motorists for providing these unique unlimited benefits.

Although created by statute, the MCCA is a private, nonprofit association. All of its dealings are with insurance companies, not the general public. The MCCA has a Board of Directors that consists of 5 representatives from insurance companies, appointed by the Commissioner of the Office of Financial and Insurance Services (OFIS) according to statute. The insurance companies appointed to serve on this board are among the top writers, by volume of business, of auto insurance in Michigan. The Commissioner of OFIS serves as an ex-officio member of the board without a vote.

How is the MCCA assessment determined?

Each year, the MCCA analyzes the amount needed to cover the lifetime claims of all people catastrophically injured in a car accident. This analysis includes review of the investment return that the fund receives, medical cost inflation, and any changes to coverages. The analysis

yields an amount needed to pay those lifetime claims and a per vehicle assessment is set based on that amount.

Since 1979, 19,000 catastrophic claims have been reported to the MCCA. Based on current estimates, more than 10,633 claims remain active, resulting in future lifetime payments in excess of \$55 billion. This figure assumes inflating costs for products, services, and accommodations necessary for the care, recovery and rehabilitation of injured persons throughout their lives. The MCCA further estimates that an additional 1,400 Michigan insureds will be catastrophically injured in auto accidents next year. It is the cost of providing these medical benefits that influences the MCCA assessment.

How is the MCCA funded?

An MCCA assessment is charged to every Michigan auto insurance premium. The assessment funds a pool of money for medical costs exceeding \$400,000, as of July 1, 2006, resulting from an auto accident.

Do I pay this assessment?

Although the MCCA assessment technically is made to the insurance company, companies typically pass the assessment on to policyholders. Some insurance companies include the MCCA assessment in the Personal Injury Protection (PIP) portion of your insurance premium. Other companies sometimes list this as a “statutory assessment” or “MCCA assessment” on the declarations page of your policy.

Even though the amount assessed each insurer by the MCCA is the same, each company may include administrative and other miscellaneous costs in the amount it assesses policyholders for this coverage. Therefore, the amount assessed by the MCCA may affect each policyholder’s

premium differently. If you have questions about the amount being assessed, you may wish to contact your insurance agent or insurance company.

What is the assessment for 2006?

The MCCA announced that the 2006 assessment will be \$137.33. The pure premium (the actual cost for each vehicle in the state of Michigan to fund the MCCA pool) is \$113.48 and the deficit adjustment is \$23.75, with a \$.10 administrative expense, setting the assessment at \$137.33.

What will happen to the assessment in the future?

The MCCA Board meets every spring to set the assessment for the year beginning July 1st. The assessment is set using the same criteria – by analyzing the amount needed to cover the lifetime claims of all people catastrophically injured in a car accident. Investment return, medical cost inflation, and any changes to coverages will again be considered.

Do I pay the full assessment if I own a historic vehicle?

Public Act 662 of 2002 reduced the MCCA assessment for historic vehicles to 20 percent of the full assessment charged for vehicles effective July 1, 2003. The assessment for historic vehicles beginning July 1, 2006 will be \$27.47.

More information on Michigan auto insurance:

OFIS always recommends that Michigan citizens shop around for their auto insurance –a range of prices is available depending on many factors like discounts offered by insurance companies or coverage levels. The “2005 Buyer’s Guide to Auto Insurance in Michigan” assists in the shopping process by providing estimates from insurance companies. The guide is available from the OFIS web site at:

http://www.cis.state.mi.us/fis/pubs/guides/auto/auto_buyer_criteria.asp

In addition, the “Consumer’s Guide to No-Fault Automobile Insurance in Michigan” brochure provides more information on auto insurance. You can obtain this brochure from the OFIS web site at: www.michigan.gov/documents/cis_ofis_autogd_no_fault_24054_7.pdf.

The above mentioned guide and brochure are also available by calling OFIS toll free at 877-999-6442. Consumer assistance is also available at this toll free number if you have questions about the MCCA or need assistance on any matters of insurance, banking, lending and securities.

**Michigan Catastrophic Claims Association (MCCA)
Information as of March 28, 2006**

Since 1979, 19,000 claims have been reported to the MCCA. A claim represents the auto accident that caused the catastrophic injury - it does not represent the number of people injured. Most claims, but not all, include only one person.

**MICHIGAN CATASTROPHIC CLAIMS ASSOCIATION ASSESSMENT
HISTORY**

Assmt #	Period	Months	Pure Premium	(Surplus) Deficit Adj.	Admin. Expense	Total Assessment
1	7/1/78 to 6/30/79	12	\$3.00	\$0.00	\$0.00	\$3.00
2	7/1/79 to 12/31/79	6	\$6.28	\$5.40	\$0.00	\$11.68
3	1/1/80 to 12/31/80	12	\$6.36	(\$0.36)	\$0.00	\$6.00
4	1/1/81 to 12/31/81	12	\$7.14	(\$0.58)	\$0.20	\$6.76
5	1/1/82 to 12/31/82	12	\$6.64	(\$0.81)	\$0.10	\$5.93
6	1/1/83 to 12/31/83	12	\$7.55	(\$2.12)	\$0.10	\$5.53
7	1/1/84 to 12/31/84	12	\$8.24	(\$2.44)	\$0.11	\$5.91
8	1/1/85 to 12/31/85	12	\$10.55	\$1.40	\$0.10	\$12.05
9	1/1/86 to 12/31/86	12	\$11.24	\$3.07	\$0.09	\$14.40
10	1/1/87 to 12/31/87	12	\$15.77	\$6.81	\$0.09	\$22.67
11	1/1/88 to 12/31/88	12	\$24.41	\$8.10	\$0.09	\$32.60
12	1/1/89 to 12/31/89	12	\$33.44	\$10.12	\$0.09	\$43.65
13	1/1/90 to 12/31/90	12	\$48.12	\$18.37	\$0.15	\$66.64
14	1/1/91 to 12/31/91	12	\$68.33	\$32.50	\$0.17	\$101.00
15	1/1/92 to 12/31/92	12	\$77.69	\$32.77	\$0.12	\$110.58
16	1/1/93 to 12/31/93	12	\$90.43	\$28.14	\$0.12	\$118.69
17	1/1/94 to 12/31/94	12	\$98.71	\$16.89	\$0.12	\$115.72
18	1/1/95 to 12/31/95	12	\$98.07	(\$1.24)	\$0.12	\$96.95
19	1/1/96 to 12/31/96	12	\$87.53	(\$15.06)	\$0.10	\$72.57
20	1/1/97 to 12/31/97	12	\$62.03	(\$47.19)	\$0.10	\$14.94
21	1/1/98 to 12/31/98	12	\$63.87	(\$58.37)	\$0.10	\$5.60
22	1/1/99 to 12/31/99	12	\$56.31	(\$50.81)	\$0.10	\$5.60
23	1/1/00 to 12/31/00	12	\$52.30	(\$46.79)	\$0.09	\$5.60
24	1/1/01 to 12/31/01	12	\$61.53	(\$47.21)	\$0.09	\$14.41
25	1/1/02 to 06/30/02	6	\$71.05	\$0.00	\$0.10	\$71.15

26	7/1/02 to 6/30/03	12	\$68.90	\$0.00	\$0.10	\$69.00
27	7/1/03 to 6/30/04	12	\$79.30	\$20.80	\$0.10	\$100.20
28	7/1/04 to 6/30/05	12	\$95.93	\$31.21	\$0.10	\$127.24
29	7/1/05 to 6/30/06	12	\$116.43	\$25.17	\$0.10	\$141.70
30	7/1/06 to 6/30/07	12	\$113.48	\$23.75	\$0.10	\$137.33