



Michigan's Auto Insurance Law Has Changed

The information contained in the following publication pertains to auto insurance policies issued on or before July 1, 2020. Publications about auto insurance policies issued on or after July 2, 2020 are available at michigan.gov/autoinsurance.

For more information about the new auto insurance law and how it will affect you, please visit: www.michigan.gov/AutoInsurance.





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Michigan Catastrophic Claims Association (MCCA)

Update as of: April 8, 2019

What is the Michigan Catastrophic Claims Association (MCCA)?

In Michigan the Personal Injury Protection (PIP) portion of a no-fault auto insurance policy will pay for all reasonably necessary medical expenses with no maximum limits. For the period beginning July 1, 2019, the Michigan Catastrophic Claims Association (MCCA) reimburses no-fault auto insurers for amounts paid in excess of \$580,000 per claim. The MCCA was created by the legislature as a means of spreading the cost of providing these unique benefits across all Michigan auto insurers.

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 Director of the Department of Insurance and Financial Services (DIFS) 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 Director of DIFS 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 for the coming year. This analysis includes review of the investment return that the fund receives, medical cost inflation, any existing deficit or surplus, and any changes to coverages. The analysis yields a per vehicle assessment.

Since 1979, more than 40,715 catastrophic claims have been reported to the MCCA. Based on current estimates, the total claims paid, including the future payments for the 17,751 remaining active claims, is expected to exceed \$85 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 1,000 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?

Every auto insurer in Michigan pays its share of the MCCA assessment, based primarily on the number of vehicles it insures.

Do I pay this assessment?

Your auto insurer is responsible for, and pays, the MCCA assessment. However, the cost is often passed on to policyholders. Some insurance companies include the MCCA assessment in the 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 per car 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 2019?

For the period beginning July 1, 2019, the MCCA assessment is \$220.00. The pure premium (the actual cost for each vehicle in the state of Michigan to fund the MCCA pool) is \$177.00. Added to that is an adjustment of \$43.00 to recoup part of a \$3.9 billion deficit that currently exists, setting the assessment at \$220.00.

What will happen to the assessment in the future?

The MCCA Board meets every spring to set the assessment for the year beginning July 1. 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, deficit or surplus, and any changes to coverages will again be considered.

Do I pay the full assessment if I own an 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. For the period beginning July 1, 2019, the assessment for historic vehicles is \$44.00.

More information on Michigan auto insurance:

[“Your Guide to Automobile Insurance”](#) provides more information on auto insurance. If you would like a printed copy of this publication, please call DIFS 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, and/or lending.

**Michigan Catastrophic Claims Association (MCCA)
Information as of April 8, 2019**

Since 1979, more than 40,715 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

Assmt #	Period	Months	Pure Premium	(Surplus) Deficit Adj.	Admin. Expense	Total Assessment
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
31	7/1/07 to 6/30/08	12	\$106.63	\$16.42	\$0.10	\$123.15
32	7/1/08 to 6/30/09	12	\$96.06	\$8.32	\$0.20	\$104.58
33	7/1/09 to 6/30/10	12	\$100.78	\$23.89	\$0.22	\$124.89
34	7/1/10 to 6/30/11	12	\$116.84	\$26.00	\$0.25	\$143.09
35	7/1/11 to 6/30/12	12	\$115.38	\$29.32	\$0.30	\$145.00
36	7/1/12 to 6/30/13	12	\$141.93	\$32.72	\$0.35	\$175.00
37	7/1/13 to 6/30/14	12	\$156.44	\$29.19	\$0.37	\$186.00
38	7/1/14 to 6/30/15	12	\$155.90	\$29.71	\$0.39	\$186.00
39	7/1/15 to 6/30/16	12	\$145.10	\$4.50	\$0.40	\$150.00
40	7/1/16 to 6/30/17	12	\$140.26	\$19.34	\$0.40	\$160.00
41	7/1/17 to 6/30/18	12	\$143.33	\$26.27	\$0.40	\$170.00
*42	7/1/18 to 6/30/19	12	\$161.00	\$31.00		\$192.00
*43	7/1/19 to 6/30/20	12	\$177.00	\$43.00		\$220.00

*The administrative expense is now included in the premium amount.