

**STATE OF MICHIGAN  
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

**Bulletin 2021-44-INS**

**In the matter of:**

**Michigan Catastrophic Claims Association Refund of Surplus**

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**Issued and entered  
this 13th day of December 2021  
by Anita G. Fox  
Director**

On November 3, 2021, the Michigan Catastrophic Claims Association (MCCA) Board voted unanimously to return approximately \$3.0 billion of its estimated surplus to its member insurance companies. The MCCA Board based its determination on the actuarial assessment that the MCCA's surplus had increased beyond a level necessary to safely cover its expected losses and expenses. This increase in surplus was due in part to the effects of the historic, bipartisan no-fault reform legislation enacted in 2019. In returning the surplus and determining the amount of refund per car and historical vehicle, the MCCA sought to issue the largest possible refund to policyholders while maintaining sufficient funds to ensure continuity of care to those catastrophically injured in motor vehicle accidents.

The Department of Insurance and Financial Services (DIFS) supports the MCCA's action. The MCCA is required to file with DIFS an annual financial statement, an annual independent audit report, and an actuarial opinion on reasonableness of loss reserves. DIFS has completed its review of these documents and confirms that the financial statements demonstrate the MCCA has a significant surplus and that the planned refund will not impact continuity of care.

The MCCA has initiated the processes for liquidating securities and processing the return of the designated surplus to its insurer member companies on or before March 9, 2022, which is the earliest possible date by which the MCCA can do so using appropriate controls and procedures. Because policyholders are the ultimate payers of the MCCA premium by way of a pass-through of the charge by the member companies, insurers must pass through the surplus to policyholders directly and without delay.

Insurers are expected to issue refunds to policyholders of policies that were in-force as of 11:59 p.m. on October 31, 2021, Eastern Standard Time. All owners or registrants of motor vehicles required by MCL 500.3101(1) to maintain personal and property protection insurance, and owners or registrants of motorcycles required by MCL 500.3103(1) to maintain insurance for property damage, bodily injury, or death, qualify for refunds, regardless of the coverage choices made under MCL 500.3107c, MCL 500.3107d, or MCL 500.3109a. Using this selected date and time to determine the eligibility for a refund eliminates the potential for insureds to move from company to company in order to collect an amount higher than the per-car surplus refund agreed upon by the MCCA Board, or for other manipulations that would deprive policyholders of their eligibility for refunds.

Policyholder refunds must be completed as expeditiously as possible, but no later than 60 days after the MCCA refunds the surplus to its members (i.e., no later than May 9, 2022). DIFS expects that insurers will pass through the returned surplus to policyholders directly in a single, lump-sum amount of \$400 per vehicle and \$80 per

historical vehicle. Refunds must be made in the form of a check or ACH deposit and cannot be made in the form of a credit to the policyholder's account. Refunds may not be conditioned upon the renewal of a policy or on whether a policyholder's account is current.

Any questions regarding this bulletin should be directed to:

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/s/

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Anita G. Fox  
Director