

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

**Bulletin 2022-06-INS**

**In the matter of:**

**Reporting of the MCCA Refund by Insurers**

---

**Issued and entered  
this 2nd day of February 2022  
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. Bulletin 2021-44-INS was issued to provide guidance on the handling of the refunds. The Bulletin states 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. The Bulletin further indicates 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.

DIFS has been informed that the MCCA plans to book the liability for the refund consistent with the Statement of Statutory Accounting Principles (SSAP) # 5R from the NAIC Accounting Practices & Procedures Manual. The NAIC Accounting Practices & Procedures Manual is the accounting basis for insurers adopted by Department of Insurance and Financial Services (DIFS) for preparing and reporting in the financial statements. The Board declared the refund of surplus in 2021 and the amount can be estimated. DIFS is now receiving inquiries on how member insurance companies should report the refund of surplus. This Bulletin describes the required method of reporting for the member insurance companies.

Consistent with the guidance in Bulletin 2021-44-INS, member insurance companies are required to pass through the refund to the policyholders directly and without delay. Therefore, member insurance companies should record the refund from the MCCA that is due to policyholders as a liability. This liability can be reported as an aggregate write-in or other appropriate line on the balance sheet. The member insurance companies will also book a receivable from the MCCA as an asset on the balance sheet. Again, this receivable may be reported as an aggregate write-in or on another appropriate line. This method of reporting will not impact surplus or the income statement.

Once the refund is received from the MCCA, the receivable from the MCCA will be extinguished. The member insurance companies will then immediately issue checks or ACH deposits to in-force October 31 policyholders. The issuance of the refund to a policyholder will extinguish the liability unless the policyholder cannot be located or if the check is not cashed or the ACH deposit is rejected.

Any questions regarding this bulletin should be directed to:

Department of Insurance and Financial Services  
Office of Insurance Evaluation  
530 West Allegan Street, 7<sup>th</sup> Floor  
Lansing, Michigan 48933  
Toll Free: (877) 999-6442

/s/

---

Anita G. Fox  
Director