



## **MICHIGAN CATASTROPHIC CLAIMS ASSOCIATION**

17584 LAUREL PARK DRIVE NORTH, LIVONIA, MI 48152  
(734) 953-2779 FAX: (734) 953-9511 WEBSITE: [www.michigancatastrophic.com](http://www.michigancatastrophic.com)

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**Contact: Gloria Freeland**  
**or Jim Lunsted**  
**734-953-2779**

### **MCCA Premium Assessment Set For 2010-11**

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**Livonia, MI** - The Michigan Catastrophic Claims Association (the "MCCA") assessment to insurance companies will be \$143.09 per insured vehicle effective July 1, 2010 to June 30, 2011. The MCCA increased its assessment following its annual actuarial evaluation required by Michigan law. Under the No-Fault Insurance Act, the MCCA must charge its members a premium sufficient to cover expected losses and expenses that the MCCA will likely incur during the coming fiscal year. The Act also requires the MCCA to address some or all of its current deficit. The assessment increased this year primarily because of longer periods of treatment for injured persons and lower long-term investment assumptions. The current MCCA assessment is \$124.89.

Michigan is the only state in the nation that mandates unlimited lifetime medical benefits for people injured in auto accidents. It is estimated that almost 1,200 Michigan insureds will be catastrophically injured in auto accidents next year. Estimating the projected claim payments for long-term claims in which medical benefits are unlimited is complicated due to the difficulty in predicting life expectancies, medical cost inflation, investment returns, and the number of claims.

The \$143.09 assessment represents \$116.84 to cover claims; \$26.00 to address the \$2.0 billion estimated deficit and \$0.25 for administrative expenses. The current deficit is estimated at \$290.71 per insured car.

The MCCA paid out \$811 million (more than \$115 per insured car) in 2009 for claim costs resulting from catastrophic injuries. The majority of these catastrophic injuries involve closed-head injuries, paraplegia, quadriplegia and burns. Since 1979, there have been over 24,500 claims reported to the MCCA, which will cost an estimated \$71 billion.

The MCCA was created by state law in 1978. All insurance companies that write auto insurance in Michigan are required to be members. The MCCA reimburses members for Personal Injury Protection claims that have exceeded the statutory threshold. That amount increases to \$480,000 effective July 1, 2010.

Additional information on the MCCA can be obtained from its public website: [www.michigancatastrophic.com](http://www.michigancatastrophic.com).

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