



## **MICHIGAN CATASTROPHIC CLAIMS ASSOCIATION**

17584 LAUREL PARK DRIVE NORTH, LIVONIA, MI 48152  
(734) 953-2779 - FAX: (734) 953-9511

**FOR IMMEDIATE RELEASE**  
**March 24, 2006**

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

### **MCCA Premium Assessment Set For 2006-07**

---

**Livonia, MI** – The Michigan Catastrophic Claims Association (MCCA) decreased its assessment to insurance companies to \$137.33 per insured vehicle effective July 1, 2006 - June 30, 2007 as a result of its annual reevaluation of economic factors. The current MCCA assessment is \$141.70.

Michigan is the only state in the nation that offers unlimited lifetime medical benefits for people injured in auto accidents. It is estimated that 1,400 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 \$137.33 assessment represents \$113.48 to cover claims, \$23.75 to recoup part of the \$1.7 billion estimated deficit and \$0.10 for administrative expenses. The deficit represents \$244 per insured car.

The MCCA paid out \$615 million in 2005 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 19,000 claims reported to the MCCA, which will cost an estimated \$55 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 member insurance companies for Personal Injury Protection (PIP) claims that have exceeded \$400,000. That amount increases gradually each year.