

# **MICHIGAN CATASTROPHIC CLAIMS ASSOCIATION**

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## **MCCA Premium Set At \$145.00 for 2011-2012**

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**Livonia, MI** - The premium paid to the Michigan Catastrophic Claims Association (“MCCA”) by member insurance companies will be \$145.00 per insured vehicle effective July 1, 2011 to June 30, 2012. This represents an increase of \$1.91 (1.3%) over the current MCCA charge of \$143.09. The \$145.00 premium reflects the amount necessary to cover future claims and the partial recoupment of the estimated deficit. The MCCA premium charge is determined each year at this time following its annual actuarial evaluation.

Michigan's unique no-fault auto insurance law provides unlimited lifetime coverage for medical expenses resulting from auto accidents. Created by the state legislature in 1978, the MCCA is a private, non-profit association whose mission is to protect the financial integrity of Michigan's auto insurance industry by providing reinsurance for these unlimited benefits. The MCCA reimburses auto insurance companies for Personal Injury Protection (PIP) benefits paid in excess of a set amount per claim. That amount will increase to \$500,000 on July 1, 2011.

All auto insurance companies operating in Michigan are required to be members and pay premiums for the reinsurance provided by the MCCA. These premiums, together with the insurer's PIP premium, represent the cost to cover the mandatory unlimited medical benefits which, like other costs and expenses, are reflected in the auto premiums all Michigan policyholders pay.

Michigan is the only state in the nation that mandates unlimited lifetime medical benefits for people injured in auto accidents. (The state with the next highest level of benefits mandates only \$50,000.) It is estimated that almost 850 Michigan insured's 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 MCCA paid out \$897 million (more than \$128 per insured car) in 2010 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 25,900 claims reported to the MCCA, which will cost an estimated \$74 billion.

Additional information on the MCCA, including claim payment statistics, audit reports and answers to frequently asked questions can be obtained from its public website:

[www.michigancatastrophic.com](http://www.michigancatastrophic.com) and from the website of the Michigan Office of Financial and Insurance Regulation: [www.michigan.gov/ofir](http://www.michigan.gov/ofir)

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