



MICHIGAN CATASTROPHIC CLAIMS ASSOCIATION

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MCCA Premium Assessment Set For 2009-10

Livonia, MI - The Michigan Catastrophic Claims Association (the "MCCA") increased its assessment to insurance companies by \$20.31 to \$124.89 per insured vehicle effective July 1, 2009 to June 30, 2010. 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 investment returns decreased during the last year while claim costs continued to increase. The current MCCA assessment is \$104.58.

Michigan is the only state in the nation that mandates unlimited lifetime medical benefits for people injured in auto accidents. It is estimated that over 1,050 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 \$124.89 assessment represents \$100.78 to cover claims; \$23.89 to address the \$2.2 billion estimated deficit and \$0.22 for administrative expenses. The current deficit is estimated at \$322.88 per insured car.

The MCCA paid out \$724 million (more than \$102 per insured car) in 2008 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 23,100 claims reported to the MCCA, which will cost an estimated \$70 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 \$460,000. That amount increases gradually each year.

Additional information on the MCCA can be obtained from its website: www.michigancatastrophic.com.
