



MICHIGAN CATASTROPHIC CLAIMS ASSOCIATION

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MCCA Sets 2020 – 2021 Insurance Company Assessment

Livonia, MI – The Michigan Catastrophic Claims Association (“MCCA”) is lowering the assessment charged per vehicle to \$100 for the period beginning July 2, 2020 through June 30, 2021. This is a 55% reduction from this year’s \$220 assessment. Insurance companies will charge this assessment only to people who choose to maintain unlimited lifetime personal injury protection (“PIP”) benefits. Those who choose lower limits under Michigan’s revised no-fault insurance law avoid the assessment altogether, as long as the MCCA is not in a deficit position.

The 55% reduction results directly from savings created by cost controls for medical treatment and other changes made to Michigan’s no-fault insurance law on June 11, 2019. These changes are estimated to erase the MCCA’s deficit of approximately \$2.0 billion and reduce the annual MCCA assessment by approximately \$1.0 billion.

Beginning on July 1, 1973, Michigan’s no-fault insurance law required all policyholders in Michigan to buy unlimited PIP coverage. This mandatory coverage covered unlimited lifetime medical benefits for people injured in motor vehicle accidents. Under the new law, as of July 2, 2020, applicants for no-fault insurance coverage can select from several different coverage limits, including the same unlimited coverage offered since 1973.

The legislature created the MCCA effective July 1, 1978 to reimburse insurance companies for amounts paid for PIP benefits over an amount deemed catastrophic under the no-fault insurance law. The cost of those benefits has been reflected in the premiums all Michigan policyholders pay.

Additional information on the MCCA, including claim payment statistics, audit reports, financial statements, the annual consumer report to the Michigan legislature, and answers to frequently asked questions is available at the MCCA’s website, www.michigancatastrophic.com, and from the Michigan Department of Insurance and Financial Services’ website, <https://www.michigan.gov/difs>.

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 an effective reinsurance mechanism for Personal Injury Protection (PIP) benefits.