



MICHIGAN CATASTROPHIC CLAIMS ASSOCIATION

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MCCA Sets 2024 – 2025 Insurance Company Assessment

Livonia, MI – The assessment paid per insured vehicle to the Michigan Catastrophic Claims Association (MCCA) will decrease for the period July 1, 2024 to June 30, 2025. The assessment amount will vary, depending on the level of personal injury protection (PIP) coverage drivers choose.

Those opting for unlimited PIP benefits will see a decrease to \$90.00, or 26% lower than the 2023-2024 assessment of \$122.00. The \$90.00 assessment consists of \$70.00 to pay for anticipated new claims and an additional \$20.00 to address an estimated \$2.1 billion deficit as of June 30, 2023. The estimated \$2.1 billion deficit represents a decrease of \$1.6 billion or 44% from the estimated \$3.7 billion deficit as of June 30, 2022. Drivers choosing less than unlimited PIP coverage, or opting out of PIP coverage, will pay an MCCA assessment of \$20.00 beginning July 1, 2024 to address the deficit. This is a decrease of \$28.00, or 58% lower than the 2023-2024 assessment of \$48.00.

The following table sets forth the assessment information:

Assessment Period	Pure Premium (costs of anticipated new claims)	Deficit Recoupment	Total Assessment
2024 - 2025			
Opting Unlimited PIP Benefits	\$70.00	\$20.00	\$90.00
Opting Other PIP Benefit Levels	N/A	\$20.00	\$20.00
2023-2024			
Opting Unlimited PIP Benefits	\$74.00	\$48.00	\$122.00
Opting Other PIP Benefit Levels	N/A	\$48.00	\$48.00
Change from 2023-2024			
Opting Unlimited PIP Benefits	(\$4.00)	(\$28.00)	(\$32.00)
Percentage Change	-5.41%	-58.33%	-26.23%
Opting Other PIP Benefit Levels	N/A	(\$28.00)	(\$28.00)
Percentage Change	N/A	-58.33%	-58.33%

The decrease in assessment is primarily due to application of the medical fee schedule and the utilization review process created when the Legislature amended the Michigan No-Fault Act in 2019. The consistency in payments as a result of the fee schedule, combined with the transparent determinations of the utilization review process, has assisted in projecting better-than-expected loss development. These favorable economic assumptions were slightly offset by lower-than-expected investment returns.

As reported in last year's Assessment Notice, the MCCA's financial position as of June 30, 2022, was impacted by higher-than-anticipated estimated costs of \$3.7 billion resulting from the August 25, 2022, ruling by the Michigan Court of Appeals in the case of *Andary v USAA Casualty Ins. Co.*, and lower than expected investments returns. On July 31, 2023, the Michigan Supreme Court issued a decision that (1) upheld the *Andary* decision that certain aspects of the 2019 amendments do not apply to a finite group of claimants who had what the Court termed "vested rights" at the time of the 2019 reforms, and (2) reversed the appellate court ruling on the constitutional challenges to the prospective application of the amended statutes. The Supreme Court's decision affirming the appellate ruling that prohibited retroactive application of certain aspects of the 2019 reforms but allowed the prospective application of the 2019 reforms to post-reform claims is reflected in the current assumptions and factored into the assessment calculations. The calculated assessment is based on current information and is subject to change in the event of legislative or judicial alteration of Michigan's No-Fault Act.

Additional information regarding 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, www.michigan.gov/difs.

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