

Michigan Catastrophic Claims Association Lowers 2020-2021 Catastrophic Fee Assessments

November 15, 2019

The Michigan Catastrophic Claims Association (MCCA) announced in a press release that the catastrophic claim fee assessed to drivers and paid by insurers for Michigan personal protection insurance no-fault benefits will be reduced from \$220 to \$100 per vehicle for those who opt for unlimited, lifetime medical coverage, which is commonly referred to as “PIP” benefits.

This is a 55% reduction from the current assessment and the “reduction results directly from savings created by cost controls for medical treatment and other changes made to Michigan’s no-fault insurance law.”

Under the reformed Michigan No-Fault Act, which went into effect on June 11, 2019, applicants can select from several different PIP coverage limits as of July 2, 2020, including the same unlimited, lifetime medical benefits offered since 1973. There will no MCCA assessment for those who choose lower PIP limits for medical coverage “as long as the MCCA is not in a deficit position.”

Unlimited PIP benefits have no dollar or durational limits, subject to the charges being for “reasonably necessary products, services and accommodations for an injured person’s care, recovery, or rehabilitation.”

There still remains uncertainty surrounding the impact on overall premiums under the revised law, which is aimed at guaranteeing eight years of savings by way of premium reductions of between 10% and 100% for the PIP portion of an automobile policy, only. The law does not guarantee savings for residual liability or property protection insurance coverage, both of which are required coverages for drivers to operate their vehicles in Michigan.

In light of the upcoming changes to the annual MCCA assessment per vehicle, or no assessment at all, insurers should update their systems and notify their agents.