

New Lawsuit Forces MCCA to Reveal Annual Fee Calculation

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A recent ruling by an Ingham County Judge enforces, for the time being, transparency by the Michigan Catastrophic Claims Association (MCCA).

The MCCA is a private, non-profit association made up of a five-person board that manages the fund which becomes primary after the no-fault benefits threshold has been reached. Once a claim reaches the mandated threshold, the MCCA fund takes over adjustment, relieving the insurer from excessive financial burden.

In January, Ingham County Circuit Court Judge Clinton Canady, III held that the MCCA must open up records related to its financial standing, and explain how it determines its annual fee per insured motor vehicle.

The holding stemmed from two lawsuits filed by the Coalition Protecting Auto No-Fault and the Brain Injury Association of Michigan. In late February 2013, Judge Canady denied the MCCA's motion to stay the enforceability of the ruling pending appeal. It is anticipated that the MCCA will attempt to file a motion to stay while an appeal is filed.

Also, effective July 1, the MCCA's premium for catastrophic coverage will increase \$11 to \$186 per vehicle insured, which is a 6 percent increase from the 2012 rate of \$175 per vehicle insured. Additionally, the threshold for reimbursement, which is currently \$500,000 per claim, will increase to \$530,000.

In short, for a motor vehicle accident policy issued or renewed during the period July 1 through June 30, 2015, the MCCA will reimburse an insurance company after personal protection insurance benefits claims reach \$530,000. However, for a policy issued or renewed during July 1, 2011 through June 30, the threshold will remain at \$500,000.

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