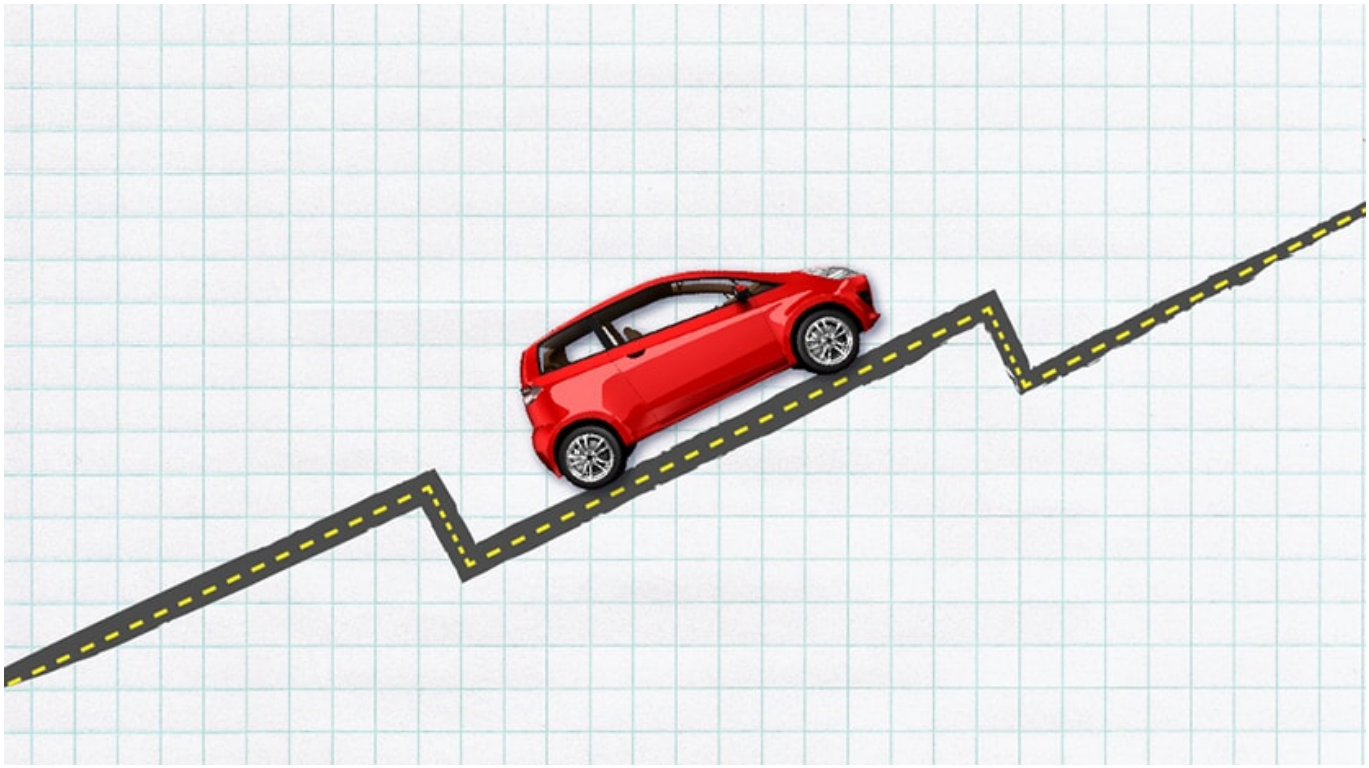
Ask the Experts: Why is the cost of my car insurance increasing?



In 1978, the Michigan Catastrophic Claims Association was created by the state legislature. Then and now, its purpose is to provide medical benefits to Michiganders who are injured in a car accident and require extensive medical care. And when that care costs more than $545,000, MCCA steps in, providing each person with the benefits they need to live life after an accident.

Questions about the concept? Need a few more details? Don't worry. We called in a few of our insurance experts to answer some frequently asked questions.

Why is my car insurance increasing?
As you can likely imagine, providing unlimited, lifetime medical benefits to drivers statewide is an expensive operation. In fact, from 1998 to 2015, the MCCA's costs have risen 2,900 percent, with the association now paying more than $80 million per month for catastrophic injuries.

How much will my car insurance increase?
When renewing your auto insurance after July 1, 2016, rates are expected to increase by $10 per car.

Why is my car insurance increasing by that amount?
By law, the MCCA is required to declare a monetary amount that would cover any and all auto insurance claims that could be filed in the year. They account for the potential costs of lifetime medical care for people who are catastrophically injured, and then, all insurance companies are required to adjust their rates accordingly.

Are other insurance companies raising their rates?
Yes. All insurance companies that write auto insurance in the state of Michigan must be members of the MCCA, which means all insurance companies that write auto insurance in the state of Michigan will be

raising their rates $10 per car.

Have my insurance costs always contributed to the MCCA?
Yes. Since the establishment of the MCCA in 1978, residents of Michigan have been required to contribute to the MCCA. Most recently, in 2015, the rate per car was $150. This year, the cost will increase to $160.

Why is this only happening in Michigan?
In the U.S., Michigan is the only state that requires drivers to buy unlimited medical benefits with their car insurance. And no other state in the country has such high medical benefits. As such, the state's unique no-fault auto insurance law provides unlimited lifetime coverage for any medical expenses that may result from a car accident. Anyone in Michigan who is injured in a car accident will receive these medical benefits for their entire lifetime, and for the MCAA, the cost of providing that care is increasing.

How many claims have been reported to MCCA?
Since its inception in 1978, there have been approximately 34,400 catastrophic claims reported—which have totaled more than $83 billion.

How do my dollars support the cause?
As part of your insurance premium, you pay a fee to the MCCA. Then, those dollars are used to help provide lifetime care to someone who's catastrophically injured in a car accident.

Will motorcyclists be asked to pay the same amount?
Yes. As part of their insurance, motorcyclists pay the same fee to the MCCA. And if a motorcyclist is injured in an accident with a motor vehicle, they're entitled to the protection MCCA provides: unlimited medical expenses for the remainder of their lifetime.

Have a question about the Michigan Catastrophic Claims Association that we didn't answer? Talk to one of our local, independent agents today.