



Understanding the MCCA Auto Refund

Frankenmuth Insurance is issuing one-time Michigan Catastrophic Claims Association (MCCA) surplus refunds to eligible policyholders for automobile policies that were in force with our company as of October 31, 2021. This refund is provided for eligible commercial and personal vehicles on policies that met the minimum insurance requirements for operating a vehicle on Michigan roads.

Frankenmuth Insurance refunds will be issued to policyholders in the form of a mailed check. All checks will be mailed between Tuesday, March 15, 2022, and Thursday, March 31, 2022. Delivery to policyholders will vary based on U.S. Postal Service delivery schedules.

Q. Why is this refund being issued?

A. The MCCA's Board of Directors unanimously decided to return approximately \$3 billion of its estimated surplus to its member insurance companies to refund to policyholders, due to realized and expected savings from the 2019 reforms to the Michigan auto no-fault law and higher than projected investment returns. In addition to this surplus refund, the reforms to Michigan's auto insurance system have saved Michigan families and businesses \$1 billion in MCCA fees over the last two years.

Q. How much is the refund?

A. Michigan auto policyholders will receive a one-time refund of \$400 per eligible motor vehicle and \$80 per historic vehicle. In determining the amount of refund per eligible motor vehicle, the MCCA issued the largest possible refund while maintaining appropriate levels of funding for catastrophic medical claims.

As a sample calculation, if a policyholder had an auto insurance policy with two motor vehicles and one historic vehicle as of 11:59 p.m. on October 31, 2021, their refund is \$880.

Q. What policies are eligible for a refund?

- A.** Personal and commercial auto policies that were evaluated on November 30, 2021, as in force as of 11:59 p.m. on October 31, 2021, are eligible to receive a refund if they met the minimum insurance requirements for operating a vehicle on Michigan roads, which includes one of the following coverage limits:
- **Private passenger vehicles (excludes historic vehicles):** Mandatory liability coverages, PIP medical opt-out, \$50,000 PIP limit (Medicaid), \$250,000 PIP limit, \$250,000 PIP limit (with medical exclusions), \$500,000 PIP limit, and unlimited PIP.
 - **Commercial vehicles (excludes historic vehicles):** Mandatory liability coverages, PIP medical opt-out, \$50,000 PIP limit (Medicaid), \$250,000 PIP limit, \$250,000 PIP limit (with medical exclusions), \$500,000 PIP limit, and unlimited PIP.
 - **Historic vehicles (private passenger and commercial):** Mandatory liability coverages, PIP medical opt-out, \$50,000 PIP limit (Medicaid), \$250,000 PIP limit, \$250,000 PIP limit (with medical exclusions), \$500,000 PIP limit, and unlimited PIP.
 - **Motorcycles (excludes historic):** Mandatory liability coverages.
 - **Historic motorcycles:** Mandatory liability coverages.

Q. Are trailers eligible for a refund?

A. No. Since trailers are not subject to the MCCA assessment, they are not eligible for the refund.

Q. Policies had to be in force as of 11:59 p.m. on October 31, 2021, to be eligible for the refund. How does the November 30, 2021, evaluation date impact refund eligibility?

A. Here are two sample scenarios:

- A policyholder had full coverage on their vehicle on October 31, 2021, but called their insurer on November 5, 2021, to inform them the vehicle was not operable, and their policy needed to change to other than collision coverage only, effective October 25, 2021. Since the policy no longer met the minimum insurance requirements for operating a vehicle on Michigan roads as of October 31, 2021, it is no longer eligible for the refund. See “What policies are eligible for a refund?” above.
- A policyholder had other than collision coverage only on their vehicle on October 31, 2021, but called their insurer on November 5, 2021, to inform them they had been driving the vehicle since October 27, 2021, and needed full coverage backdated to cover that time period. Since the coverage was added on November 5, 2021, prior to the November 30, 2021, evaluation date, and the coverage was effective October 31, 2021, the policy would be eligible for the refund. See “What policies are eligible for a refund?” above.

Q. For commercial policyholders who operate fleet vehicles, are those eligible for a refund? If so, how is the refund calculated?

- A.** Yes, fleet vehicles are eligible for the MCCA refund. The refund amount depends on how the vehicles were identified in their auto policies. Scenarios are as follows:
- **Vehicles individually identified** in a policy by VIN or license plate number are eligible for \$400 per eligible vehicle.
 - **Policies issued on a per-plate basis**, such as those used by car dealerships, are eligible for \$400 per identified plate.
 - **Commercial fleet policies written on a gross-receipts basis**, or other types of policies where individual vehicles are not identified, are eligible to receive 135% of the applicable in-force commercial auto PIP written premium.

Q. What is the process and timing to issue refunds?

A. Insurance companies submitted an In-Force Data Form to the MCCA by January 31, 2022. This form collected data by line of business and coverage limits and was used to calculate surplus refunds. The MCCA sold investment securities, verified data, verified calculations, and securely transferred funds to its member insurance companies on March 9, 2022. Insurance companies have 60 days from receipt of surplus funds, or until May 9, 2022, to issue refunds to eligible policyholders. Frankenmuth Insurance will issue refunds in the form of first-class mailed checks. All checks will be mailed no later than March 31, 2022.

Q. What action, if any, do policyholders need to take to receive a refund?

A. No action is needed by policyholders to receive refunds. Policyholders should be cautious of scams soliciting personal information over the phone, such as a mailing address, birthdate, social security number, banking account numbers, or passwords. If policyholders receive any calls related to an MCCA refund, they should hang up and contact their insurance company directly to verify the request for information.

Q. If policyholders owe a balance on their auto policies, can insurers use the refund toward the balances owed?

A. No, refunds cannot be used as a credit to policies with an outstanding balance. Insurance companies must issue refunds to policyholders in the form of a check or ACH deposit.

Q. If policyholders changed auto insurers after October 31, 2021, which insurance company will be issuing the refund?

A. Based on the November 30, 2021, evaluation date, the insurer that insured the vehicle(s) on October 31, 2021, at 11:59 p.m., will be responsible for issuing the refund.

Q. If policyholders recently moved or changed their address, what should they do?

A. To avoid delays, please update the policyholder mailing address in iBIS Agency Services as soon as possible.

Q. If a vehicle was moved to storage before October 31, 2021, with only comprehensive coverage, is it eligible to receive a refund?

A. No. Based on the November 30, 2021, evaluation date, refunds will be issued for vehicles that were insured with minimum coverage requirements for operating on Michigan roads as of October 31, 2021, at 11:59 p.m. See “What policies are eligible for a refund?” above.

Q. Why is the historic vehicle refund less than private passenger vehicles and commercial vehicles?

A. Historic vehicles are charged 20% of the annual MCCA assessment due to their limited allowable use. Therefore, based on the November 30, 2021, evaluation date, drivers will receive a refund of \$80 per historic vehicle insured as of 11:59 p.m. on October 31, 2021.