

Health Maintenance Organization (HMO) & Alternative Health Care Financing and Delivery System (AFDS)

Deposit Instructions (HMO)

1. A Health Maintenance Organization (HMO) licensed in Michigan must comply with the deposit requirements of [Section 3553](#) of the Michigan Insurance Code. The deposit may be placed in trust with a federally or state chartered financial institution acceptable to the Commissioner or with the State Treasurer of Michigan.

Section 3553 requires a minimum deposit of \$100,000 in the form of securities at market value, exclusive of interest. The Office of Financial and Insurance Regulation advises companies to deposit securities with a market value in excess of \$100,000 to allow for possible market fluctuation.

The State Treasurer does not accept coupon or bearer bonds and is unable to accommodate deposits in the form of cash. The Office of Financial and Insurance Regulation will not accept any security that provides for a periodic return of principle. Securities must be for a minimum term of one year. A certificate of deposit (CD) is acceptable *only* if government obligations are not available, are for a period of at least one year, are clearly identified as “nonrenewable” and, are physically replaced at maturity.

2. The security or CD must be fully registered as follows:

**STATE TREASURER FOR THE STATE OF MICHIGAN IN TRUST FOR
[Company Name] PURSUANT TO MCL 500.3553.**

3. The company should instruct the registering party to provide confirmation that registration is in process. Confirmation should include a complete description of the securities and registration legend. Confirmation should be transmitted to:

[Auditor's Name]
Auditor
Office of Financial and Insurance Regulation
Supervisory Affairs & Insurance Monitoring
P.O. Box 30220
Lansing, MI 48909

4. When registration is complete, securities should be transmitted to:

Michigan Department of Treasury
Bureau of Investments
Attention: Betty Lotoszinski
2501 Coolidge Road – 4th Floor
East Lansing, MI 48823
Phone: (517) 241-9072

Also, a copy of the transmittal letter to the State Treasurer should be transmitted to:

[Auditor's Name]
Auditor
Office of Financial & Insurance Regulation
Supervisory Affairs & Insurance Monitoring
P.O. Box 30220
Lansing, MI 48909

5. Federal Reserve "Book-Entry"

U.S. Treasury securities must be deposited by "Book-Entry."

If you have any questions regarding "Book-Entry," please contact Betty Lotoszinski at (517) 241-9072 for assistance.

6. Release or Exchange

Securities on deposit cannot be released until replacement securities are received or other arrangements are made with the Office of Financial and Insurance Regulation.

7. Maturity

It is the HMO's responsibility to monitor maturity dates and make arrangements for replacement.

NOTE: Securities deposited in physical form are held by the State Treasurer. Securities deposited by book-entry are held by the State Treasurer through JPMorgan Chase Bank, N.A. No exceptions are permitted.

Deposit Instructions (AFDS)

1. An Alternative Health Care Financing and Delivery System licensed in Michigan must comply with the deposit requirements of [Bulletin No. 2001-05-INS](#), issued on June 25, 2001 by Frank M. Fitzgerald, Commissioner of Financial & Insurance Services. The deposit may be placed in trust with a federally or state chartered financial institution acceptable to the Commissioner or with the State Treasurer of Michigan.

Section 3 of Bulletin No. 2001-05-INS requires a minimum deposit of \$100,000 in the form of securities at market value, exclusive of interest. The Office of Financial and Insurance Regulation advises companies to deposit securities with a market value in excess of \$100,000 to allow for possible market fluctuation.

The State Treasurer does not accept coupon or bearer bonds and is unable to accommodate deposits in the form of cash. The Office of Financial and Insurance Regulation will not accept any security that provides for a periodic return of principle. Securities must be for a minimum term of one year. A certificate of deposit (CD) is acceptable *only* if government obligations are not available, are for a period of at least one year, are clearly identified as “nonrenewable” and, are physically replaced at maturity.

2. The security or CD must be fully registered as follows:

**STATE TREASURER FOR THE STATE OF MICHIGAN IN TRUST FOR
[Company Name] PURSUANT TO BULLETIN NO. 2001-05-INS.**

3. The company should instruct the registering party to provide confirmation that registration is in process. Confirmation should include a complete description of the securities and registration legend. Confirmation should be transmitted to:

[Auditor's Name]
Auditor
Office of Financial and Insurance Regulation
Supervisory Affairs & Insurance Monitoring
P.O. Box 30220
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6. Release or Exchange

Securities on deposit cannot be released until replacement securities are received or other arrangements are made with the Office of Financial and Insurance Regulation.

7. Maturity

It is the AFDS's responsibility to monitor maturity dates and make arrangements for replacement.

NOTE: Securities deposited in physical form are held by the State Treasurer. Securities deposited by book-entry are held by the State Treasurer through JPMorgan Chase Bank, N.A. No exceptions are permitted.

Authorized by PA 218 of 1956, as amended. Required by MCL 500.3553, MCL 500.3573, and/or Michigan Insurance Bureau Bulletin No. 2001-05-INS.



Michigan Department of Energy, Labor & Economic Growth

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