

**2001 Michigan Office of Financial and Insurance Services  
Annual Report**

**For the Year Ending December 31, 2001**

*A report to Governor John Engler*

**TABLE OF CONTENTS**

|  | <u>Page</u> |
|--|-------------|
| <b>OFIS Mission and Vision Statements</b> .....                                | 3           |
| <b>Message from the Commissioner</b> .....                                     | 4           |
| <b>Organization Chart</b> .....  | 6           |
| <b>Reports of the Divisions</b>  |             |
| Narrative explanation of the distinctions between the offices .....            | 7           |
| Administrative Support .....   | 9           |
| Office of Financial Evaluation .....   | 11          |
| Bank and Trust Division .....  | 11          |
| Credit Union Division .....  | 15          |
| Enterprise Monitoring Division .....   | 18          |
| Insurance Division.....  | 22          |
| Supervisory Affairs Division .....   | 24          |
| Office of Policy, Conduct and Consumer Assistance .....                        | 27          |
| Securities and Insurance Offerings Division.....                               | 27          |
| Conduct Review Division .....  | 29          |
| Consumer Services Division .....   | 33          |
| Health Plans Division.....   | 36          |
| Licensing Division .....   | 39          |
| Policy Division.....   | 46          |
| <b>Corporate Section (appendixes)</b>  |             |
| Appendix A - List of Commissioners .....                                       | 49          |
| Appendix B – Bank & Trust Consolidated Balance Sheets and BIDCO Statistics ... | 50          |
| Appendix C – Credit Union Statistical Information.....                         | 55          |
| Appendix D – Insurance Company Activity .....                                  | 59          |
| Appendix E – Receivership Statistical Information.....                         | 65          |



## MICHIGAN OFFICE OF FINANCIAL AND INSURANCE SERVICES

**Toll free: 877-999-6442**

**Fax: 517-335-4978**

**[www.michigan.gov/ofis](http://www.michigan.gov/ofis)**

### MISSION

The mission of the Michigan Office of Financial and Insurance Services is to provide excellent customer service and effectively regulate the financial institutions, lending, insurance, and securities industries.

### VISION

As professional regulators, our business is to see that consumers are treated fairly by financial service providers. Effective regulation by the Office of Financial and Insurance Services means that the industries are reliable, sound, and entitled to public trust. The staff members of Financial and Insurance Services strive to be the preeminent financial service regulators in the United States.

### GOALS

Maintain public confidence in the industries, institutions, and individuals coming under our purview

Ensure institutional solvency, safety, and soundness

Protect and empower consumers

Ensure that industries, institutions, and individuals comply with applicable laws and rules

Monitor and warn of systemic risks that confront Michigan's financial service providers

Increase market competitiveness and transparency



#### **2001 Michigan Office of Financial and Insurance Services Annual Report**

*A Report to Governor John Engler*

The Michigan Office of Financial and Insurance Services (OFIS) was formed in April of 2000 by Executive Order and is comprised former Financial Institutions Bureau, the Insurance Bureau, and the Securities Division of the former Corporations, Securities and Land Development Bureau.

The OFIS Annual Report is presented to Governor Engler and prepared pursuant to Section 238 of the Michigan Insurance Code of 1956 and Section 20 of the Banking Code of 1969 (1969 PA 319, as amended).

This report is a valuable reference for information about regulated entities engaged in the financial services, insurance, and securities business in Michigan. The report also offers updates about each area of OFIS, including a summary of legislative activity and lists of companies that we regulate. The 2000 OFIS Annual Report is primarily available on our web site at [www.michigan.gov/ofis](http://www.michigan.gov/ofis). The web site also offers general insurance, mortgage, bank, credit union and securities information.

## MESSAGE FROM COMMISSIONER FRANK M. FITZGERALD

The year 2001 marked the first full year of operation for the Office of Financial and Insurance Services as a converged, full-service financial services regulator. During the year a new plan of staff organization was implemented. It combined the best aspects of traditional regulatory activity while converging functional activities where appropriate. The financial regulation of banks, credit unions, and insurance companies continued on much the same basis that it had prior to the creation of OFIS in April 2000. In other areas, including investigation, enforcement, policy, consumer assistance, licensing, and product review, and product approval, we began bringing together functions and staff previously spread across separate divisions and sections. The result is greater efficiency and a more comprehensive, successful approach to issues facing OFIS.

As statistics in this report will demonstrate, OFIS continued its commitment to excellent customer service. Of special note are the ongoing efforts of the Consumer Services Division to serve the needs Michigan consumers. Our toll-free number, answered by the members of our Communications Center, allows Michigan residents easy access for information and answers to their questions. The analysts in the Consumer Services Division continue to help Michigan residents having problems with their financial services providers.

Improving technology was a focal point of the year 2001. In the summer we launched our converged OFIS web site. Through the year we added material to the site. A special challenge is that the site is used both by consumers and the industries we regulate. By improving both the web site and our technology infrastructure, we position ourselves to continuing our progress on this front in 2002.

The first commitment of OFIS and its staff is to the people of Michigan. Financial services regulation is an undertaking both national and international in scope. To this end, OFIS remained actively involved with the national associations of state regulators to which we belong. Participation in these associations affords OFIS the opportunity to address multi-state and national issues and to exchange information with regulatory colleagues from across the colleagues. Additionally, OFIS remains fully accredited with the Conference of State Bank Supervisors, the National Association of State Credit Union Supervisors, and the National Association of Insurance Commissioners. Accreditation assures the citizens of Michigan that they are receiving the best possible regulatory efforts.

Although OFIS as an organization remains relatively new, its commitment to the people of Michigan dates back more than 130 years, when the Michigan Legislature first decreed that the business of insurance in Michigan was to be regulated by the state. There followed the imposition of regulation for banks (1889), securities (1912), and more recently consumer lending. The staff of OFIS is proud to continue this tradition of regulatory excellence on behalf of the people of Michigan.



[www.michigan.gov/ofis](http://www.michigan.gov/ofis)

***OFIS uses the web site and electronic communication as our primary method of communicating with the people we serve. Consumers without electronic access or with special needs can get information from OFIS toll free at 877-999-6442. If you would like to see specific information on the web site, feel free to share your suggestions with any OFIS staff member.***

***We invite you to visit the OFIS web site often!***

## 2001 Web Site Accomplishments

- Development and implementation of the new consolidated OFIS websites

April 9, 2001 the OFIS Internet web site was launched. This comprehensive site was the result of the consolidation of 4 internet sites.

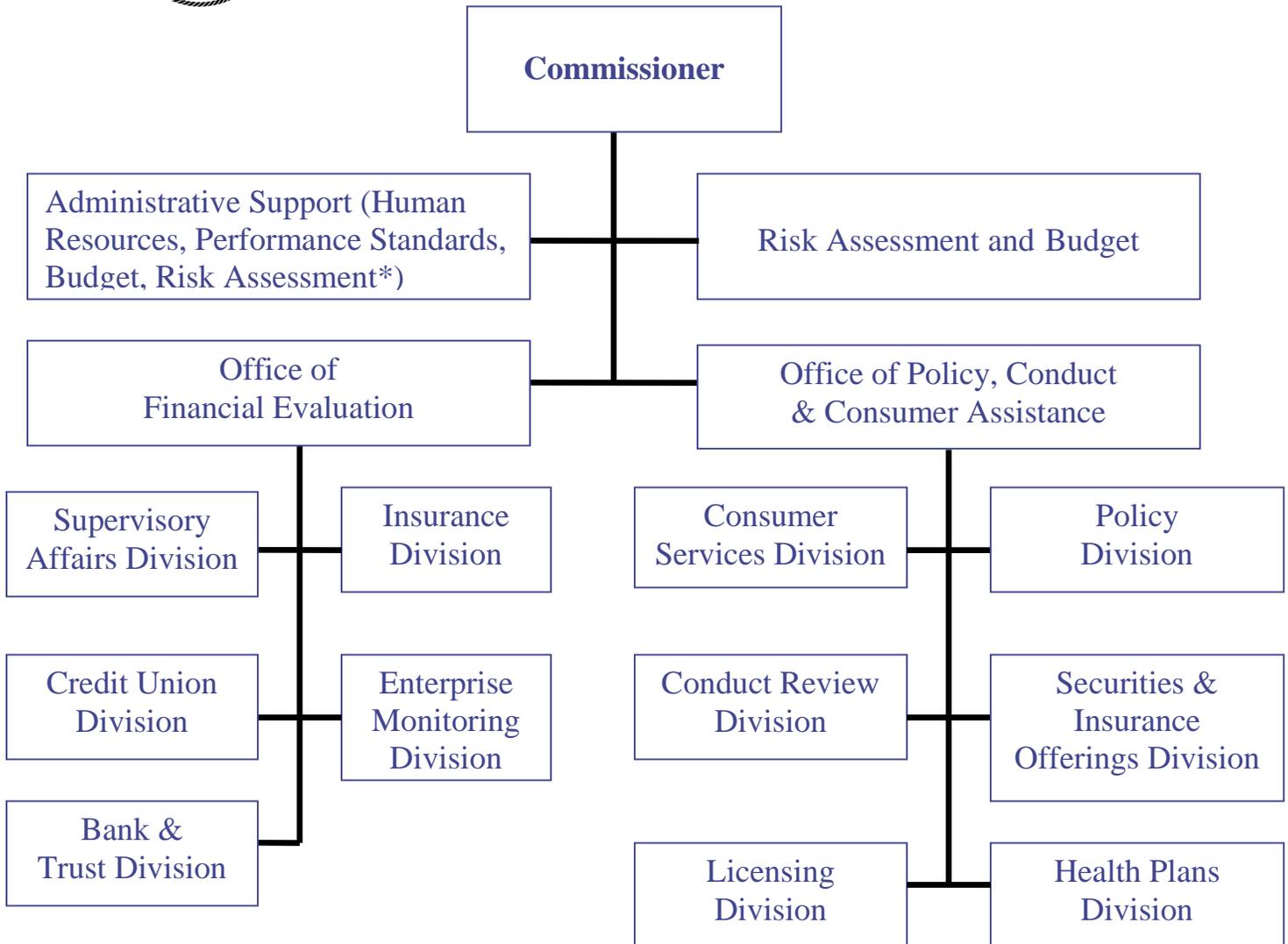
July 9, 2001, the Intranet (*focusOFIS*) was launched. This required the consolidation of 3 intranet sites.

- Posted a report to the OFIS web site in July 2001 listing all enforcement actions taken against companies and individuals licensed by the state of Michigan in the insurance, lending and securities industries. The enforcement report is updated quarterly.
- In mid-June 2001, complaint ratios were posted to the OFIS web site for all insurance companies receiving 10 or more complaints for years 1999 and 2000.
- During 2001, the OFIS web site was updated to provide look up capabilities for the following licensed entities: State-Chartered Banks, State-Savings Banks, Consumer Financial Services, Credit Card Licensees, Motor Vehicle Installment Seller Licensees, Motor Vehicle Sales Finance Licensees, Regulatory Loan Licensees, Sale of Check, State-Chartered Credit Unions, and Mortgage Licensees/Registrants.
- The 2001 OFIS web site also provided an interactive Auto Buyer's Guide and HMO Consumer's Guide.
- The OFIS web site began accepting electronic insurance rate and form filings during 2001.
- OFIS staff assisted in the design and coordination for the limited launch of CARFRA (Coordinated Advertising Rate and Form Review Authority) that provides a single electronic point of review for insurance rates and forms. This electronic review is done through state and national web sites and electronic communication.





## Michigan Office of Financial and Insurance Services



*Administrative support functions were performed in a number of sections during the year. Reports on their activities will appear throughout the Reports of Divisions section of the Annual Report. Current org charts and additional information can be found on the OFIS web site at [www.michigan.gov/ofis](http://www.michigan.gov/ofis) or toll free at 877-999-6442.*