

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 Director 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 Department of Insurance and Financial Services 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 Department of Insurance and Financial Services 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:

[Name]
Financial Analyst
Department of Insurance and Financial Services
Office of Insurance Evaluation
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: Monica Blackwell
P.O. Box 30117
Lansing, MI 48909
Phone: (517) 335-5900
Fax: (517) 324-2700
E-mail: blackwellm@michigan.gov

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

[Name]
Financial Analyst
Department of Insurance and Financial Services
Office of Insurance Evaluation
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 Sue Kohagen at 517) 373-8161 for assistance.

6. Release or Exchange

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

7. Maturity

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

NOTE: 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. 2016-22-INS](#), issued on December 21, 2016 by Patrick M. McPharlin, Director of the Department of Insurance and Financial Services. The deposit may be placed in trust with a federally or state chartered financial institution acceptable to the Director or with the State Treasurer of Michigan.

Section 3 of Bulletin No. 2016-22-INS requires a minimum deposit of \$100,000 in the form of securities at market value, exclusive of interest. The Department of Insurance and Financial Services 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 Department of Insurance and Financial Services 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. 2016-22-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:

[Name]
Financial Analyst
Department of Insurance and Financial Services
Office of Insurance Evaluation
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: Monica Blackwell
P.O. Box 30117
Lansing, MI 48909
Phone: (517) 335-5900
Fax: (517) 324-2700
E-mail: blackwellm@michigan.gov

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

[Name]
Financial Analyst
Department of Insurance and Financial Services
Office of Insurance Evaluation
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 Sue Kohagen at (517) 373-8161 for assistance.

6. Release or Exchange

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

7. Maturity

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

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

