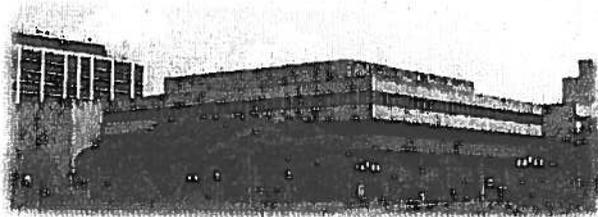




Office of Financial and Insurance Regulation



Ottawa Building, 611 W. Ottawa St. Lansing, Michigan

LARA
LICENSING AND REGULATORY AFFAIRS
CUSTOMER DRIVEN. BUSINESS MINDED.

WHAT IS OFIR?

- OFIR is a Type I agency housed in the Michigan Department of Licensing and Regulatory Affairs (LARA)
- The Governor recently signed an EO, which would make OFIR a Department
- OFIR is a fee funded financial service regulator. Industry assessments and fees pay for our regulatory and consumer assistance activities
- OFIR currently has 337 employees, who are responsible for the regulation of a wide variety of financial service entities and individual licensees

WHAT DOES OFIR DO?

Licensing

Insurance

- 165 domestic (Michigan based) insurance companies
- 1,454 foreign insurance companies
- 198,540 insurance agents
- 16,768 insurance agencies
- 10,646 insurance adjusters
- 1,298 insurance solicitors
- 945 insurance counselors

WHAT DOES OFIR DO?

Licensing

Consumer Finance

- 6,548 mortgage licensees and registrants
 - 645 deferred presentment companies
 - 2,596 other consumer finance-related entities
-

Regulatory Oversight also includes:

- Blue Cross Blue Shield of Michigan
- 25 HMOs
- 106 state-chartered banks
- 191 state-chartered credit unions

WHAT DOES OFIR DO?

Rate & Form Review

- BCBSM
- HMOs
- Commercial Health, Life & Annuities (Individual & Group)
- Medicare Supplement
- Long-Term Care
- Casualty
- Auto (Individual and Group)
- Workers Compensation
- Title
- Property

WHAT DOES OFIR DO?

Monitor Financial Solvency

- Off-site financial analysis
- On-site examinations
- Statutory accounting principals for insurance
- Review of investments

WHAT DOES OFIR DO?

Market Conduct Analysis and Examinations

- Examine insurance companies based on Market Conduct Annual Statement and complaint statistics
- Investigate allegations of wrongdoing on part of licensees based upon complaints
- Refer violations of the Insurance Code to the Office of General Counsel for administrative actions

WHAT DOES OFIR DO?

Consumer Assistance

In 2012, OFIR Staff:

- Answered nearly 86,000 consumer calls
- Received 5,200 consumer complaints
- Recovered more than \$9 million on behalf of consumers

WHAT DOES OFIR DO?

Consumer Education

- Consumer presentations, town halls and workshops
- Educational guides and pamphlets, many found at:
www.michigan.gov/ofir
- Press releases and media interviews
Example on next slide →

Consumers Need to Know Their "Stuff" to Ensure Homeowners Policy Protects Possessions

OFIR Lists Ten Steps to Complete a Home Inventory

LANSING - When choosing homeowners insurance, most Michigan consumers may think more about the value of the home than about their prized possessions inside. When you're deciding out how much coverage you need, it is important to know all the "stuff" in your home that warrants special protection. Certain valuables might be better covered with an insurance rider or additional policy, depending on the circumstances. The Office of Financial and Insurance Regulation (OFIR) today offered tips to complete a home inventory.

"The first step toward figuring out how much coverage you need is to take stock of what you have," OFIR Commissioner Kevin Clinton said. "Documenting possessions allows you to fully protect and replace your valuables if something happens."

OFIR's Ten Steps to Complete a Home Inventory:

- Make a list of possessions, including "celebration" purchases, such as jewelry and fine art.
- Think about family heirlooms, collections and furniture. Also, consider items related to everyday leisure time, from flat-screen televisions to custom guitars.
- Take note of commonplace items, such as toys, CDs and clothing. And, do not forget items you may only use occasionally, such as holiday decorations, sports equipment, tools, and high-ticket items kept outside your home, such as landscape and swing sets.
- Attach copies of original sales receipts and/or appraisal documents to your inventory. Be sure to note model and serial numbers.
- Group your possessions into logical categories, i.e., by hobby, by room in your home.
- Carefully photograph or videotape each item and document a brief description, including age, purchase price and estimated current value.
- Remember to open drawers and closets to document what is inside.
- Store your home inventory and related documents in a safe, easily accessible place, such as a secured site/file online, a fire-proof box or in a safe deposit box. You may want to share a copy with your insurance provider to make necessary updates to your coverage.
- Review and update your inventory annually and anytime you make a significant purchase.
- To get started, you can out the National Association of Insurance Commissioner's simple home inventory checklist at www.insureonline.org/home_inventory_checklist.pdf

Modernization of Blue Cross

SB 61 & 62

- Overhauls a 32-year-old insurance regulation (PA 350) to create an efficient regulatory environment and a modern, competitive marketplace for the state.
- Transitions BCBSM from a nonprofit health care corporation organized under PA 350 to a nonprofit mutual insurance company organized under Chapter 58 of the Insurance Code.
 - Prohibits Blue Cross to convert to a stock insurance company or a mutual holding company.
 - There are 11 Blue Cross plans in 18 states that operate as mutual insurance companies.
- Requires BCBSM to make annual contributions—over an 18-year period—of \$1.56 billion as future charitable social mission expenditures to be used for the continued improvement of public health and community health care in Michigan.
- Requires BCBSM to continue as a nonprofit entity, including its commitment to its social mission in Michigan, as well as providing coverage to the individual and small group health insurance market.

Modernization of Blue Cross SB 61 & 62

- Freezes "Medigap" rates for seniors for 3 more years, plus an additional 5-year Medigap subsidy.
- Requires BCBSM to pay state and local taxes, like other insurers, in the amount of \$80 to \$100 million a year.
- BCBSM will remain the insurer of last resort until Jan. 1, 2014, when federal law requires all insurers to provide coverage regardless of a person's health status.
- Helps level the playing field to create more competition in the marketplace.
- Allows BCBSM to write in other states, creating jobs in Michigan.
- Bans the use of Most Favored Nation Clauses.
- Allows for continued prior approval of rates by OFIR.