



Mississippi

DIFS
DEPARTMENT OF
INSURANCE AND
FINANCIAL SERVICES

Who We Are

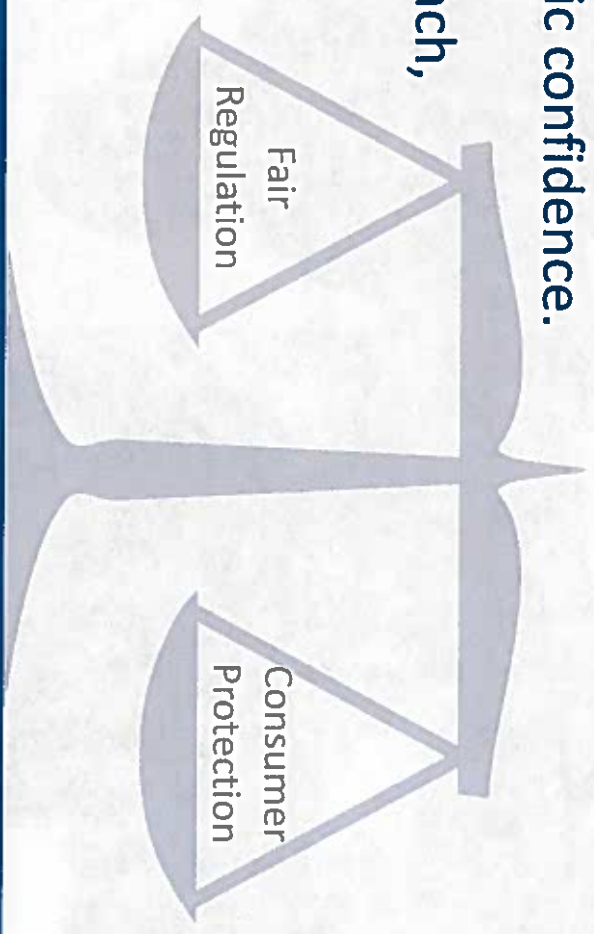
The Department of Insurance and Financial Services (DIFS) regulates Michigan's financial service industry.

We are fee-funded and do not require public tax dollars to operate.



Our Mission

- The mission of the Department of Insurance and Financial Services (DIFS) is to provide a business climate that promotes economic growth while ensuring that the insurance and financial services industries are safe, sound, and entitled to the public confidence.
- Provide consumer protection, outreach, and education services to Michigan citizens.



Our Mission (cont.)



Consumer Protection



Consumer Outreach



Financial Education



DIFS Regulates

Insurance:

- Insurance Companies
- HMOs
- Insurance Agencies
- Insurance Agents
- Adjusters
- Third Party Administrators (TPAs)
- Nonprofit Dental Care Corporations (Delta Dental)

Consumer Finance:

- Mortgage Loan Officers
- Mortgage Companies
- Motor Vehicle Sales Financing
- Deferred Presentment Companies (Payday Lending)
- Money Transmitters
- Small Loan Companies
- Debt Management Companies

Financial Institutions:

- State-Chartered Banks
- State-Chartered Savings Banks
- State-Chartered Trust Banks and Trust Departments
- Business and Industrial Development Companies (BIDCOs)
- State-Chartered Credit Unions



DIFS Does NOT Regulate

DIFS Does NOT Regulate

- Banks Chartered Under the National Bank Act
- Federal Savings Associations
- Banks Chartered By Other States
- Federally-Chartered Credit Unions
- Debt Settlement Companies
- Mortgage Modification Companies
- Securities*



History & Overview of DIFS

- Executive Order of Governor John Engler created the Office of Financial and Insurance Services (OFIS), combining insurance and financial services.
- 2000 – 2013 OFIS/OFIR operated as an agency under the department of CIS/DLEG/DELEG/LARA



**Executive Order 2013-1 established DIFS – formerly
Office of Financial and Insurance Regulation (OFIR).**

“Insurance and financial service businesses are a vital part of the overall economic health of Michigan. By establishing a new department dedicated to industry sustainability, it further emphasizes the commitment to removing red tape from economic growth in Michigan.”

-Governor Rick Snyder



History & Overview of DIFS

- Chief Deputy Director: Teri Morante
 - Office of Financial and Administrative Services
 - Office of Consumer Services
 - Legislative Liaison
- Senior Deputy Director: Judy Weaver
 - Office of Insurance Evaluation
 - Office of Banking
 - Office of Credit Unions
- Senior Deputy Director: Rhonda Fossitt
 - Office of Insurance Rates and Forms
 - Office of Insurance Licensing and Market Conduct
 - Office of Consumer Finance
- General Counsel: Randy Gregg



Office of Banking

Responsible for all aspects of the supervision, regulation and examination of state-chartered banks, savings banks, trust banks, and trust departments, including processing corporate applications filed by Michigan-chartered banks.



Office of Banking

- DIFS bank regulatory program derives its authority from:
 - Michigan Banking Code, 1999 PA 276
 - Savings Bank Act, 1996 PA 354
- Banks and savings banks have a choice of state or federal charter
- Funding for the office is provided exclusively through supervisory and activity fees paid by state-chartered banks and savings banks



Office of Banking

- Examiners conduct statutorily-mandated safety and soundness examinations at 12- to 18-month intervals as well as off-site monitoring and visitations
- Examiners assign formal ratings to banks based on their capital adequacy, asset quality, management, earnings, liquidity, and sensitivity to market risk (CAMELS)
- DIFS' bank regulatory program has earned continuous accreditation by the Conference of State Bank Supervisors (CSBS) since 1986



Office of Consumer Finance

Responsible for the regulation, licensing, and examination of entities and individuals doing business under Michigan's Consumer Finance statutes



Office of Consumer Finance

Office of Consumer Finance

Ten Consumer Finance Statutes

Licensed at 3/10/2017

Mortgage Program:	
• Mortgage Brokers, Lenders & Servicers Licensing Act	674
• Mortgage Loan Originator Licensing Act	10,630
• Secondary Mortgage Loan Act	227
Other Consumer Finance Programs:	
• Credit Card Arrangements Act	1
• Debt Management Act	34
• Deferred Presentment Service Transactions Act	558
• Money Transmission Services Act	100
• Motor Vehicle Sales Finance Act	2,485
• Regulatory Loan Act	66
Omnibus Program:	
• Consumer Financial Services Act	13
Total	14,788



Office of Consumer Finance

Regulatory Activities

- Licensing
- Examinations
- Investigations of complaints and unlicensed activity
- Enforcement actions
- Industry outreach efforts



Office of Consumer Finance

- Largest Regulatory Programs:
 - Mortgage companies
 - Mortgage loan originators
 - Deferred presentment providers
 - Money transmitters
 - Motor vehicle lenders
 - Small loan companies
- Almost exclusively non-depository institutions
- Licensed populations have grown significantly in recent years, particularly in the mortgage and money transmission programs
- Licensing authority rests with state regulators, not federal government
- Consumer Financial Protection Bureau (CFPB) is relatively new federal regulator; consumer finance industry has been impacted
- DIFS works jointly with other state regulators in the examination and supervision of national companies



Office of Credit Unions

Responsible for the regulation, examination and supervision of Michigan state-chartered credit unions. The office is also responsible for processing corporate applications filed by Michigan chartered credit unions.



Office of Credit Unions

Office of Credit Unions

Regulatory Overview

- DIFS's Office of Credit Unions has been accredited by the National Association of State CU Supervisors since 1989, and was the first state CU regulatory agency to be accredited.
- DIFS examines each state-chartered CU every 12 to 18 months, depending on size and risk profile.
- Problem CUs are generally subject to quarterly onsite visitations, depending on risk profile.
- The National Credit Union Administration (NCUA) places substantial reliance on DIFS's examination and supervision programs in managing National CU Share Insurance Fund risk.
- NCUA and DIFS typically perform joint examinations on larger or problematic institutions.



Office of Credit Unions

Industry Overview

- Michigan CUs can choose a state or Federal charter.
- All Michigan CUs must be Federally insured by the NCUA.
- As of December 31, 2016, 63% or 155 of all 246 Michigan domiciled CUs are state-chartered, having 79% or \$44.3 billion of the total \$56.3 billion in Michigan CU assets.



Office of Credit Unions

Industry Overview

- Consolidation continues driving down the number of total charters across the country and in Michigan but assets under supervision continue to grow.
- The average size of a Michigan state-chartered CU is about \$286 million.
- DIFS regulates CUs ranging in size from \$308 thousand to over \$4.8 billion in total assets.
- Michigan compares favorably to other states relative to the number and asset size of state charters vs. federal charters.



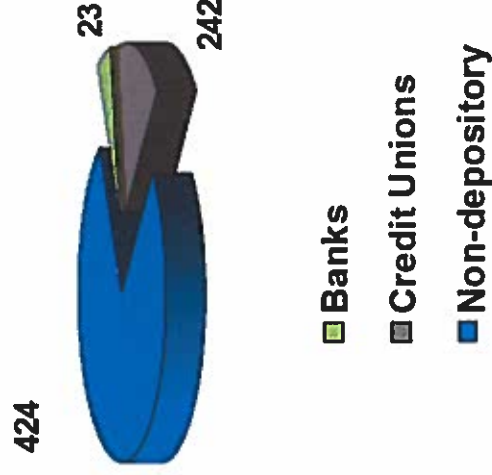
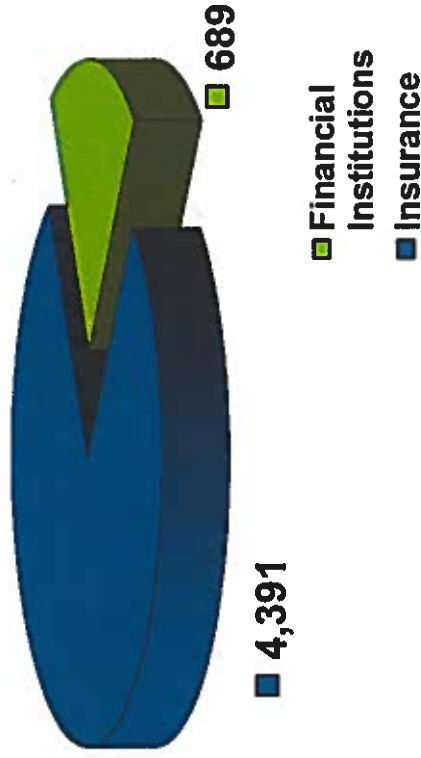
DIFS Office of Consumer Services

- Consumer assistance activities (complaint handling)
- Call Center
- Department's website and social media channels
- Consumer Outreach Program (Free Educational Workshops)
 - Insurance
 - Money Management (Securing Mi Financial Future)
 - Banking
 - Credit & Debt
 - Consumer Protection



Working for Michigan Consumers

- In 2016, DIFS responded to more than 5,000 consumer complaints!



As of December 31, 2016



DIFS' Regulated Entities and You

- Everyday DIFS' regulated entities have an impact on your life. When you have questions, DIFS has answers!

Call us toll free at 877-999-6442

Or visit our website at

www.Michigan.gov/DIFS



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Questions





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