



Michigan
Office of the Auditor General
REPORT SUMMARY

*Performance Audit
Department of Insurance and Financial
Services*

Report Number:
651-0146-13

Released:
March 2014

The Department of Insurance and Financial Services (DIFS), formerly the Office of Financial and Insurance Regulation (OFIR) within the Department of Licensing and Regulatory Affairs, was created on January 16, 2013 by Executive Order No. 2013-1, effective March 18, 2013. DIFS is responsible for regulating Michigan's financial industries, including consumer finance, financial institutions, and insurance.

Audit Objective:

To assess the effectiveness of DIFS's efforts to appropriately and timely investigate complaints filed against licensees.

Audit Conclusion:

We concluded that DIFS's efforts to appropriately and timely investigate complaints filed against licensees were moderately effective. We noted one reportable condition (Finding 1).

Reportable Condition:

DIFS had not fully implemented a comprehensive process designed to help ensure that it investigated complaints in a timely manner (Finding 1).

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Audit Objective:

To assess the effectiveness of DIFS's efforts to appropriately and timely process appeals filed by individuals under the Patient's Right to Independent Review Act (PRIRA).

Audit Conclusion:

We concluded that DIFS's efforts to appropriately and timely process appeals filed by individuals under PRIRA were effective. However, we noted one reportable condition (Finding 2).

Reportable Condition:

DIFS needs to continue its efforts to improve its timeliness in processing PRIRA appeals (Finding 2).

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Audit Objective:

To assess the effectiveness of DIFS's efforts to ensure that Michigan surplus lines licensees accurately report and remit required surplus lines taxes.

Audit Conclusion:

We concluded that DIFS's efforts to ensure that Michigan surplus lines licensees accurately report and remit required surplus lines taxes were moderately effective. We noted one reportable condition (Finding 3).

Reportable Condition:

DIFS did not have a comprehensive process to help ensure that Michigan surplus lines licensees accurately reported and remitted the required surplus lines taxes (Finding 3).

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Audit Objective:

To assess the effectiveness of DIFS's efforts to ensure that Michigan surplus lines licensees comply with insurance policy and notification requirements in accordance with Michigan's Insurance Code.

Audit Conclusion:

We concluded that DIFS's efforts to ensure that Michigan surplus lines licensees comply with insurance policy and notification requirements in accordance with Michigan's Insurance Code were effective. Our audit report does not include any reportable conditions related to this audit objective.

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Agency Response:

Our audit report contains 3 findings and 3 corresponding recommendations. DIFS's preliminary response indicates that it agrees with all of the recommendations.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



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