



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES  
LANSING

PATRICK M. McPHARLIN  
DIRECTOR

August 28, 2017

Mr. Gerard Poliquin  
Secretary to the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314

Re: The Michigan Department of Insurance and financial Services (DIFS) Comments on OTR Methodology

Dear Mr. Poliquin:

DIFS is pleased to respond to National Credit Union Administration's (NCUA's) request for comments on the methodology used to establish the Overhead Transfer Rate (OTR).

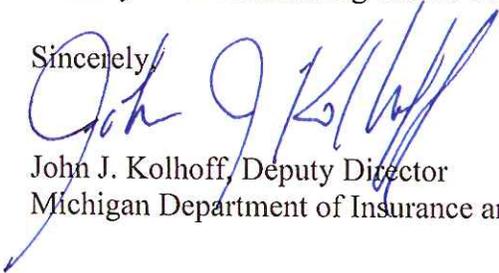
DIFS supervises 151 federally insured credit unions (FICUs) with approximately \$46 billion in assets. As NCUA's partner supervising FICUs, and as a prudential regulator with a 128 year history of regulating and supervising financial institutions, the Department believes the proposed revisions to the OTR methodology represent a step in the right direction of restoring an equitable balance to the cost allocations of the National Credit Union Share Insurance Fund (NCUSIF).

The Department's professional regulators' association, the National Association of State Credit Union Supervisors (NASCUS), has filed an extensive comment letter regarding this proposal on behalf of the state regulatory system. The Department submits this letter in support of NASCUS' comments, in particular those comments addressing the responsibility of the chartering authority.

As the chartering authority for Michigan state chartered credit unions, it is the Department's responsibility to ensure that an entity holding itself to its members as a duly authorized credit union is operating in a safe and sound manner. To fulfill our responsibility, the Department budgeted approximately 83,000 credit union supervisory related hours in 2016, with approximately 33,000 involving on-site examination. NCUA, as the chartering authority for federal credit unions (FCUs) has a similar safety and soundness obligation as the chartering authority.

Thank you for considering our views on this important matter.

Sincerely,



John J. Kolhoff, Deputy Director  
Michigan Department of Insurance and Financial Services