

## Press Releases

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June 28, 1999

### OTS 99-41 - Auto Club Insurance & Auto Club Services Granted Thrift Charter

#### Office of Thrift Supervision

#### News Release

FOR RELEASE at 8:30 A.M. EDT

For further information

Monday, June 28, 1999

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OTS 99-41

202/906-6913

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### Auto Club Insurance & Auto Club Services Granted Thrift Charter

WASHINGTON, D.C., June 28, 1999 - A trio of interrelated Michigan organizations that serve approximately 2.2 million members of the AAA automobile organization in Michigan and Wisconsin received approval to organize a federal savings bank, Auto Club Trust, which will be based in Dearborn, Mich.

Auto Club Insurance Association, AAA Michigan/Wisconsin and Auto Club Services, Inc. become unitary thrift holding companies as a result of the action by the Office of Thrift Supervision (OTS). Auto Club Insurance, which offers auto insurance and other insurance products to AAA members in the two states, will own 80 percent of the new thrift. Auto Club Services, a subsidiary of AAA M/W and a provider of various administrative services to others entities within the AAA group, will own the remainder.

Initially, the thrift will offer trust only services, specializing in personal and employee benefit trust services marketed to AAA members in Michigan and other residents of the state. Eventually, the thrift plans to expand its trust services to residents of Wisconsin.

OTS approved the application with several conditions. The agency must approve any major changes to the thrift's business plan, and the thrift has to report quarterly on the number and type of trust accounts it services. Before engaging in any fiduciary activity, Auto Club Trust must develop and submit for OTS review a functioning oversight program that includes comprehensive audit, compliance and risk management programs.

Among other requirements, the thrift must comply with anti-tying statutes, transaction with affiliates regulations, interagency guidance on insured and noninsured products and take measures to ensure that officers and directors adhere to the principles in OTS regulations on conflicts of interest and business opportunity.

At least 40 percent of the thrift's directors are to be individuals who are not officers or employees of the holding companies or affiliates, and at least one member must be independent of the thrift, holding companies and affiliates. The thrift also is required to comply with interagency guidelines on Year 2000 readiness.

Auto Club Approval Order

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS' mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents call PubliFax at 202/906-5660, or visit the OTS web page at <http://www.ots.treas.gov>.