

# HOUSE BILL No. 5527

May 6, 2014, Introduced by Reps. Segal, Cochran, Abed, Stanley, Driskell, Dianda, Lamonte, Hobbs, Rutledge, LaVoy, Slavens, Phelps, Faris, Lipton, Darany and Brown and referred to the Committee on Insurance.

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
(MCL 500.100 to 500.8302) by adding section 2035a.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1        SEC. 2035A. (1) THE INSURANCE WHISTLEBLOWER PROTECTION FUND IS  
2        CREATED WITHIN THE STATE TREASURY.

3        (2) THE STATE TREASURER MAY RECEIVE MONEY OR OTHER ASSETS FROM  
4        ANY SOURCE FOR DEPOSIT INTO THE INSURANCE WHISTLEBLOWER PROTECTION  
5        FUND. THE STATE TREASURER SHALL DIRECT THE INVESTMENT OF THE  
6        INSURANCE WHISTLEBLOWER PROTECTION FUND. THE STATE TREASURER SHALL  
7        CREDIT TO THE INSURANCE WHISTLEBLOWER PROTECTION FUND INTEREST AND  
8        EARNINGS FROM FUND INVESTMENTS.

1           (3) MONEY IN THE INSURANCE WHISTLEBLOWER PROTECTION FUND AT  
2 THE CLOSE OF THE FISCAL YEAR SHALL REMAIN IN THE INSURANCE  
3 WHISTLEBLOWER PROTECTION FUND AND SHALL NOT LAPSE TO THE GENERAL  
4 FUND.

5           (4) THE DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES SHALL  
6 BE THE ADMINISTRATOR OF THE INSURANCE WHISTLEBLOWER PROTECTION FUND  
7 FOR AUDITING PURPOSES.

8           (5) THE DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES SHALL  
9 EXPEND MONEY FROM THE INSURANCE WHISTLEBLOWER PROTECTION FUND, UPON  
10 APPROPRIATION, ONLY FOR 1 OR MORE OF THE FOLLOWING PURPOSES:

11           (A) NOT MORE THAN 10% OF THE AMOUNT DEPOSITED EACH YEAR INTO  
12 THE INSURANCE WHISTLEBLOWER PROTECTION FUND SHALL BE USED TO PAY  
13 THE COSTS OF ADMINISTERING THE INSURANCE WHISTLEBLOWER PROTECTION  
14 FUND AND THE REWARD PROGRAM DESCRIBED IN SUBDIVISION (C).

15           (B) NOT MORE THAN 50% OF THE AMOUNT DEPOSITED EACH YEAR INTO  
16 THE INSURANCE WHISTLEBLOWER PROTECTION FUND SHALL BE USED FOR  
17 CONSUMER INFORMATION AND EDUCATION CONCERNING INSURANCE PRACTICES  
18 AND CONSUMER INSURANCE RIGHTS.

19           (C) THE BALANCE OF THE INSURANCE WHISTLEBLOWER PROTECTION FUND  
20 MAY BE USED TO REWARD A FULL-TIME OR PART-TIME EMPLOYEE OF AN  
21 INSURER REGULATED UNDER THIS ACT WHO REPORTS AN UNFAIR OR DECEPTIVE  
22 ACT OR PRACTICE IN THE BUSINESS OF INSURANCE THAT IS A VIOLATION OF  
23 THIS ACT, IF THE INFORMATION THE EMPLOYEE PROVIDES AID IN AN  
24 ADMINISTRATIVE OR JUDICIAL ACTION AGAINST THE INSURER. THE AMOUNT  
25 OF EACH REWARD SHALL BE DETERMINED BY THE DEPARTMENT OF INSURANCE  
26 AND FINANCIAL SERVICES, BASED ON THE SEVERITY OF THE OFFENSE  
27 REPORTED, THE IMPORTANCE OF THE INFORMATION PROVIDED TO THE

1 PROSECUTION, THE OUTCOME OF THE ADMINISTRATIVE OR JUDICIAL  
2 PROCEEDING, AND THE AMOUNT OF THE INSURANCE WHISTLEBLOWER  
3 PROTECTION FUND BALANCE.

4 Enacting section 1. This amendatory act does not take effect  
5 unless Senate Bill No.\_\_\_\_ or House Bill No. 5526 (request no.  
6 03843'13) of the 97th Legislature is enacted into law.