

## **BILL ANALYSIS**

Senate Research Center  
76R7268 DB-D

S.B. 1657  
By: Jackson  
Economic Development  
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As Filed

### **DIGEST**

Currently, boards of directors of domestic insurance companies must annually approve employee compensation which exceeds \$50,000 per year. Due to salary increases, the number of people covered under this restriction has grown significantly for many companies. Securing board approval for each employee's salary which is over the statutory limit has become a time-consuming process. S.B. 1657 would prohibit a "domestic" company from paying any salary in an amount greater than \$100,000 in any year to any officer, trustee, or director or to any person, firm, or corporation, unless the compensation is first authorized by the board of directors.

### **PURPOSE**

As proposed, S.B. 1657 prohibits a "domestic" company from paying any salary in an amount greater than \$100,000 in any year to any officer, trustee, or director or to any person, firm, or corporation, unless the compensation is first authorized by the board of directors.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Article 3.12(a), Insurance Code, to prohibit, rather than require, a "domestic" company from paying any salary, compensation, or emolument which, together with any salary, compensation, or emolument from an affiliated "domestic" company, amounts in any year to more than \$100,000, rather than \$50,000, to any officer, trustee, or director of the "domestic" company or to any person, firm, or corporation, unless such payment is first authorized by a vote of the board of directors of such company, or by a committee of such board charged with the duty of authorizing such payments. Provides that the limitation as to the time contained in this article does not, rather than herein shall, prevent a "domestic" company from entering into contracts with its agents for the payment of renewal commissions.

SECTION 2. Effective date: September 1, 1999.

SECTION 3. Emergency clause.