

BILL ANALYSIS

Senate Research Center
81R4252 PMO-D

H.B. 651
By: Darby (Harris)
Business & Commerce
4/24/2009
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, Texas domestic insurers are required to annually have their board of directors separately approve the compensation of all persons who are employees of the corporation and who earn over \$100,000 per year. Salaries have increased over the years and the number of persons on this list has grown significantly for most companies. Thus, each year it is a time consuming and burdensome process to go through all personnel records to prepare for the annual board meeting. This law has been periodically amended to reflect the items and the natural increases in compensation and inflation. This section of the Insurance Code was amended in 1979 to increase the salary requirement from \$20,000 to \$45,000 and again in 1999, to \$100,000.

H.B. 651 amends current law relating to compensation of certain persons by a domestic insurance company.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 841.252(a), Insurance Code, to prohibit an insurance company, unless first authorized by a vote of a domestic insurance company's board of directors or a committee of the board that has the duty to authorize the payments, from paying compensation or emolument in an amount that, when added to any compensation or emolument paid to the person by an affiliated domestic insurance company, exceeds \$150,000, rather than \$100,000, in any year to an individual, firm, or corporation, including an officer or director of the company.

SECTION 2. Effective date: September 1, 2009.