

BILL ANALYSIS

H.B. 651
By: Darby
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, Texas domestic insurers must 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. Over the years, salaries have increased 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. Periodically, this law has been amended to reflect the items and the natural increases in compensation and inflation. This section of the Insurance Code was amended in 1979 from \$20,000 to \$50,000 and again in 1999 to \$100,000.

H.B. 651 affects Texas domestic insurers and increases from \$100,000 to \$150,000 the threshold amount above which employee compensation must be annually approved by the company's board of directors or duly authorized committee.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 651 amends the Insurance Code to increase from \$100,000 to \$150,000 the amount above which a domestic insurance company is prohibited from paying in any year as compensation or emolument to an individual, firm, or corporation, including an officer or director of the company, when added to any compensation or emolument paid to the person by an affiliated domestic insurance company, unless such payment is first authorized by a vote of the company's board of directors or a committee of the board that has the duty to authorize the payments.

EFFECTIVE DATE

September 1, 2009.