

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 530

Session of
1975

INTRODUCED BY HANKINS, SMITH, NOSZKA, ARLENE, KELLEY, ORLANDO,
McKINNEY, HAGER AND MELLOW, APRIL 9, 1975

REFERRED TO INSURANCE, APRIL 9, 1975

AN ACT

1 Amending the act of May 17, 1921 (P.L.682, No.284), entitled "An
2 act relating to insurance; amending, revising, and
3 consolidating the law providing for the incorporation of
4 insurance companies, and the regulation, supervision, and
5 protection of home and foreign insurance companies, Lloyds
6 associations, reciprocal and inter-insurance exchanges, and
7 fire insurance rating bureaus, and the regulation and
8 supervision of insurance carried by such companies,
9 associations, and exchanges, including insurance carried by
10 the State Workmen's Insurance Fund; providing penalties; and
11 repealing existing laws," providing for compensation of
12 officers, directors, trustees or salaried employes of certain
13 domestic stock or mutual insurance companies, associations,
14 or exchanges.

15 The General Assembly of the Commonwealth of Pennsylvania
16 hereby enacts as follows:

17 Section 1. The act of May 17, 1921 (P.L.682, No.284), known
18 as "The Insurance Company Law of 1921," is amended by adding
19 sections to read:

20 Section 508. Compensation of Officers, Directors, Trustees,
21 Et Cetera.--No domestic stock or mutual fire, marine or fire and
22 marine insurance company, association or exchange shall make any
23 agreement with any officer, director, trustee, or salaried
24 employe whereby the company agrees that, for services rendered

1 or to be rendered, the salary or compensation or emolument will
2 extend for a period beyond twelve months from the date of such
3 agreement, except that payment may, by written contract, be
4 deferred beyond such period of twelve months, which contract may
5 include conditions to be met by such officer or employe before
6 payment will be made. No director or trustee shall receive any
7 compensation or emolument, other than a fee for attendance at
8 committee or board meetings and for expenses legitimately
9 incurred for travel and maintenance to attend such meetings. No
10 salary, compensation, or emolument exceeding ten thousand
11 dollars (\$10,000) in any one year shall be paid to any officer,
12 director, trustee, person, firm or corporation, unless such
13 salary, compensation, or emolument is first authorized by a vote
14 of the board of directors. This shall apply to commissions
15 accruing on agents' contracts or any agreement between the
16 company and agents for the payment of renewal commissions.

17 Section 611. Compensation of Officers, Directors, Trustees,
18 Et Cetera.--No domestic stock casualty insurance company,
19 association or exchange shall make any agreement with any
20 officer, director, trustee, or salaried employe whereby the
21 company agrees that, for services rendered or to be rendered,
22 the salary or compensation or emolument will extend for a period
23 beyond twelve months from the date of such agreement, except
24 that payment may, by written contract, be deferred beyond such
25 period of twelve months, which contract may include conditions
26 to be met by such officer or employe before payment will be
27 made. No director or trustee shall receive any compensation or
28 emolument, other than a fee for attendance at committee or board
29 meetings and for expenses legitimately incurred for travel and
30 maintenance to attend such meetings. No salary, compensation, or

1 emolument exceeding ten thousand dollars (\$10,000) in any one
2 year shall be paid to any officer, director, trustee, person,
3 firm or corporation, unless such salary, compensation, or
4 emolument is first authorized by a vote of the board of
5 directors. This shall apply to commissions accruing on agents'
6 contracts or any agreement between the company and agents for
7 payment of renewal commissions.

8 Section 676. Compensation of Officers, Directors, Trustees,
9 Et Cetera.--No domestic mutual casualty insurance company,
10 association or exchange shall make any agreement with any
11 officer, director, trustee or salaried employe whereby the
12 company agrees that for services rendered or to be rendered the
13 salary or compensation or emolument will extend for a period
14 beyond twelve months from the date of such agreement, except
15 that payment may, by written contract, be deferred beyond such
16 period of twelve months, which contract may include conditions
17 to be met by such officer or employe before payment will be
18 made. No director or trustee shall receive any compensation or
19 emolument, other than a fee for attendance at committee or board
20 meetings and for expenses legitimately incurred for travel and
21 maintenance to attend such meetings. No salary, compensation, or
22 emolument exceeding ten thousand dollars (\$10,000) in any one
23 year shall be paid to any officer, director, trustee, person,
24 firm or corporation, unless such salary, compensation, or
25 emolument is first authorized by a vote of the board of
26 directors. This shall apply to commissions accruing on agents'
27 contracts or any agreement between the company and agents for
28 the payment of renewal commissions.

29 Section 2. This act shall take effect immediately.