

No. 116

AN ACT

SB 634

Amending the act of May 17, 1921 (P.L.682, No.284), entitled "An act relating to insurance; amending, revising, and consolidating the law providing for the incorporation of insurance companies, and the regulation, supervision, and protection of home and foreign insurance companies, Lloyds associations, reciprocal and inter-insurance exchanges, and fire insurance rating bureaus, and the regulation and supervision of insurance carried by such companies, associations, and exchanges, including insurance carried by the State Workmen's Insurance Fund; providing penalties; and repealing existing laws," further providing for the amount of salary, compensation or emolument which may be paid only with the prior vote of the board of directors.

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

Section 1. Section 402, act of May 17, 1921 (P.L.682, No.284), known as "The Insurance Company Law of 1921," amended August 28, 1959 (P.L.767, No.273), and August 28, 1959 (P.L.768, No.274), is amended to read:

Section 402. Compensation of Officers, Directors, Trustees, Et Cetera.—No domestic stock or mutual life insurance company shall make any agreement with any officer, director, trustee, or salaried employe whereby the company agrees that, for services rendered or to be rendered, the salary or compensation or emolument will extend for a period beyond twelve months from the date of such agreement, except that payment may, by written contract, be deferred beyond such period of twelve months, which contract may include conditions to be met by such officer or employe before payment will be made. No director or trustee shall receive any compensation or emolument, other than a fee for attendance at committee or board meetings and for expenses legitimately incurred for travel and maintenance to attend such meetings. **[No salary, compensation, or emolument exceeding ten thousand dollars in any one year shall be paid to any officer, director, trustee, person, firm, or corporation, unless such salary, compensation, or emolument is first authorized by a vote of the board of directors.]** *Any salary, compensation or emolument which is to be paid to any of the five highest paid officers or employes and any salary, compensation or emolument which is to exceed thirty-five thousand dollars in any one year shall be first authorized by a vote of the board of directors.* This shall not apply to commissions accruing on agents' contracts or any agreement between the company and agents for the payment of renewal commissions.

No officer whose services are paid for at an amount exceeding twelve hundred dollars a year shall receive compensation or emolument from any other source, excepting renewal commissions which may be due him from time to time on business obtained prior to the time of his election to office.

Section 2. This act shall take effect immediately.

APPROVED—The 18th day of October, A. D. 1975.

MILTON J. SHAPP