

17B: 18-52

LEGISLATIVE HISTORY CHECKLIST

NJSA: 17B:18-52

(Mutual insurance companies - compensation plans - delegate management)

LAWS OF: 1983

CHAPTER: 189

Bill No: S1234

Sponsor(s): O'Connor and others

Date Introduced: March 29, 1982

Committee: Assembly: Banking and Insurance

Senate: Labor, Industry and Professions

Amended during passage: Yes // Amendments during passage denoted by asterisks.

Date of Passage: Assembly: March 14, 1983

Senate: June 7, 1982

Date of Approval: May 23, 1983

Following statements are attached if available:

Sponsor statement: Yes // (Below)

Committee statement: Assembly Yes //

Senate Yes //

Fiscal Note: /// No

Veto Message: /// No

Message on Signing: /// ~~No~~ Yes

Following were printed:

Reports: /// No

Hearings: /// No

Sponsors' statement:

This bill permits the Board of Directors of a mutual insurance company to delegate the establishment of compensation for employees below the rank of senior officers and expands participation in company pension plans.

[OFFICIAL COPY REPRINT]

SENATE, No. 1234

STATE OF NEW JERSEY

INTRODUCED MARCH 29, 1982

By Senators O'CONNOR, RODGERS, BORNHEIMER and
GREGORIO

Referred to Committee on Labor, Industry and Professions

AN ACT concerning insurance and amending N. J. S. 17B:18-52.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. N. J. S. 17B:18-52 is amended to read as follows:

2-3 17B:18-52. No domestic insurer shall:

4 a. Pay any salary, compensation or emolument to any of its
5 *senior* officers, directors or trustees, or any salary, compensation
6 or emolument amounting in any year to more than \$30,000.00 to
7 any person, unless the payment is first authorized by a vote of its
8 board of directors;

9 b. Make any agreement with any of its officers, *senior officers*,
10 **directors,** trustees or salaried employees whereby it agrees that
11 for any service rendered or to be rendered he shall receive any sal-
12 ary, compensation or emolument that will extend beyond a period of
13 24 months from the date of the agreement, but nothing herein
14 shall be construed to prevent a domestic insurer from deferring
15 the payment of any salary, compensation or emolument for such
16 period of time and upon such terms as it may determine or from
17 entering into contracts with its agents or brokers for the payment
18 of renewal commissions.

19 c. Grant any pension to any officer, *senior officer*, director, **gen-*
20 *eral agent,** employee or trustee thereof or to any member of his
21 family after his death, except [that according to a] *in accordance*
22 *with a written* plan [submitted to and] approved by [the commis-
23 sioner] *its board of directors* it may: (1) grant to its salaried offi-

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill
is not enacted and is intended to be omitted in the law.**

Matter printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

*—Senate committee amendments adopted June 3, 1982.

24 cers, *senior officers, directors**, *general agents** and employees
25 retirement and disability allowances and death benefits; (2) estab-
26 lish a profit sharing plan which meets the requirements of section
27 401(a) of the Internal Revenue Code of 1954 or any similar legis-
28 lation which might take its place and which plan, at the option of
29 the insurer, may be in addition to any existing pension plan; and
30 except that it may with the approval of the commissioner provide
31 reasonable supplemental retirement allowances to any of its sal-
32 aried officers, *senior officers* and employees and their dependents,
33 whose retirement benefits under the insurer's plan or plans are, in
34 the opinion of its board of directors, inadequate. Such allowances
35 shall not exceed the greater of \$3,000.00 per annum and the excess,
36 if any, of 50% of the individual's average salary, based on the 5
37 years immediately prior to retirement, over such retirement bene-
37A fits.

38 *The term "senior officers" as used in this section means each*
39 *officer of an insurer within the four highest salary categories of*
40 *such insurer; but in instances where an insurer does not have an*
41 *aggregate of at least five officers from all of the four highest salary*
42 *categories, then "senior officers" for such insurer shall be the five*
43 *highest salaried officers of that insurer.*

1 2. This act shall take effect immediately.

SENATE, No. 1234

STATE OF NEW JERSEY

INTRODUCED MARCH 29, 1982

By Senators O'CONNOR, RODGERS, BORNHEIMER and
GREGORIO

Referred to Committee on Labor, Industry and Professions

AN ACT concerning insurance and amending N. J. S. 17B:18-52.

1 BE IT ENACTED by the Senate and General Assembly of the State
2 of New Jersey:

1 L. N. J. S. 17B:18-52 is amended to read as follows:

2-3 17B:18-52. No domestic insurer shall:

4 a. Pay any salary, compensation or emolument to any of its
5 senior officers, directors or trustees[, or any salary, compensation
6 or emolument amounting in any year to more than \$30,000.00 to
7 any person], unless the payment is first authorized by a vote of its
8 board of directors;

9 b. Make any agreement with any of its officers, senior officers,
10 trustees or salaried employees whereby it agrees that for any
11 service rendered or to be rendered he shall receive any salary,
12 compensation or emolument that will extend beyond a period of
13 24 months from the date of the agreement, but nothing herein
14 shall be construed to prevent a domestic insurer from deferring
15 the payment of any salary, compensation or emolument for such
16 period of time and upon such terms as it may determine or from
17 entering into contracts with its agents or brokers for the payment
18 of renewal commissions.

19 c. Grant any pension to any officer, senior officer, director, em-
20 ployee or trustee thereof or to any member of his family after his
21 death, except [that according to a] in accordance with a written
22 plan [submitted to and] approved by [the commissioner] its board
23 of directors it may: (1) grant to its salaried officers, senior officers,

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill
is not enacted and is intended to be omitted in the law.

Matter printed in italics thus is new matter.

24 *directors* and employees retirement and disability allowances and
25 death benefits; (2) establish a profit sharing plan which meets the
26 requirements of section 401(a) of the Internal Revenue Code of
27 1954 or any similar legislation which might take its place and which
28 plan, at the option of the insurer, may be in addition to any existing
29 pension plan; and except that it may with the approval of the
30 commissioner provide reasonable supplemental retirement allow-
31 ances to any of its salaried officers, *senior officers* and employees and
32 their dependents, whose retirement benefits under the insurer's plan
33 or plans are, in the opinion of its board of directors, inadequate.
34 Such allowances shall not exceed the greater of \$3,000.00 per annum
35 and the excess, if any, of 50% of the individual's average salary,
36 based on the 5 years immediately prior to retirement, over such
37 retirement benefits.

38 *The term "senior officers" as used in this section means each*
39 *officer of an insurer within the four highest salary categories of*
40 *such insurer; but in instances where an insurer does not have an*
41 *aggregate of at least five officers from all of the four highest salary*
42 *categories, then "senior officers" for such insurer shall be the five*
43 *highest salaried officers of that insurer.*

1 2. This act shall take effect immediately.

STATEMENT

This bill permits the Board of Directors of a mutual insurance company to delegate the establishment of compensation for employees below the rank of senior officers and expands participation in company pension plans.

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

SENATE, No. 1234

[OFFICIAL COPY REPRINT]

STATE OF NEW JERSEY

DATED: JANUARY 31, 1983

Senate Bill No. 1234 grants greater statutory flexibility to domestic commercial life and/or health insurers in establishing salary levels or providing other compensation to company directors, trustees, officers, employees and agents.

This bill:

(1) Eliminates the statutory requirement that the board of directors approve the compensation of any officer or employee below the rank of senior officer, as defined in the bill, who receives in excess of \$30,000.00;

(2) Allows a domestic insurer to also provide a deferred compensation plan to directors;

(3) Allows a company to also grant retirement-disability-death benefits to general agents; and

(4) Eliminates the statutory requirement that a company's retirement, disability allowances and death benefits plan (for officers, employees, general agents or directors) be filed with and approved by the Commissioner of Insurance.

SENATE LABOR, INDUSTRY AND
PROFESSIONS COMMITTEE

STATEMENT TO

SENATE, No. 1234

with Senate committee amendments

STATE OF NEW JERSEY

DATED: JUNE 3, 1982

This bill allows the board of directors of a domestic mutual or stock insurer engaged in issuing life or health policies or annuities to delegate the establishment of the level of compensation for employees below the rank of senior officer. The bill adds directors to the list of persons who may receive deferred compensation. The bill also allows the board of directors, rather than the Commissioner of Insurance, to approve any plan to grant pensions to any officer, senior officer, director, general agent, employee or trustee of the insurer. The bill adds directors and general agents to those persons who can receive retirement and disability allowances and death benefits under a pension plan.

OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

CONTACT: PAUL WOLCOTT

MONDAY, MAY 23, 1983

Governor Thomas H. Kean has signed the following bills:

S-1406, sponsored by Senator Edward T. O'Connor Jr., (D-Hudson), which permits municipalities, counties or agencies thereof to contract for group legal insurance for their employees.

S-1234, also sponsored by Senator O'Connor, which permits boards of directors of domestic mutual or stock insurance companies to delegate the establishment of compensation for employees below the rank of senior officials.

S-701, sponsored by Senator Gerald R. Stockman, (D-Mercer), which provides a mechanism for administering \$45 million of anticipated bond revenues dedicated to industrial and commercial uses. The bill requires that the money be used in municipalities which qualify for urban aid, or which would, but for the population criteria. It establishes a Local Development Financing Fund administered by the Department of Commerce and Economic Development.

#