

**31A-5-416 Compensation of director, officer, employee, person with investment authority, or others.**

- (1) Subject to this section, Subsections 16-10a-302(11) and (12) apply to:
  - (a) a stock corporation; and
  - (b) a mutual corporation.
- (2) Shareholders' approval is required:
  - (a) of any benefit or payment to a director or officer for services rendered to a stock corporation more than 90 days before the agreement or decision to give the benefit or make the payment, unless the benefit or payment is made under a plan approved by the shareholders; and
  - (b) for a new pension plan, profit-sharing plan, stock option plan, or an amendment to an existing plan which, so far as it pertains to any director or officer, substantially increases the financial burden on the stock corporation.
- (3) An action taken by the board of a mutual on the compensation of officers, directors, or employees, other than setting individual salaries or standards for salaries of classes of employees, shall be reported to the commissioner within 30 days.
- (4) The annual statement of a stock or mutual corporation shall include the amount of all direct and indirect remuneration for services, including retirement and other deferred compensation benefits and stock options paid each year:
  - (a) for the benefit of each of the following whose remuneration exceeds an amount established by the commissioner by rule:
    - (i) a director;
    - (ii) an officer; or
    - (iii) an employee;
  - (b) for all directors and officers as a group; and
  - (c)
    - (i) for the five most highly compensated officers;
    - (ii) for the five most highly compensated directors; and
    - (iii) for the five most highly compensated employees.
- (5) An arrangement for compensation or other employment benefits for any director, officer, or employee with decision-making power may not be made if it would:
  - (a) measure the compensation or other benefits in whole or in part by any criteria that would create a financial inducement to act contrary to the best interests of the stock or mutual corporation; or
  - (b) have a tendency to make the stock or mutual corporation depend for continuance or soundness of operation upon the continuation of any director, officer, or employee in the person's position of director, officer, or employee.
- (6) Except for the insurer, a person having any authority in the investment or disposition of the funds of a domestic insurer may not:
  - (a) accept any fee, brokerage, gift, or other emolument because of any investment, loan, deposit, purchase, sale, payment, or exchange made by or for the insurer; or
  - (b) be financially interested in the investment or disposition of funds in any capacity.
- (7) Unless the commissioner, acting in the corporation's best interests, orders otherwise, if an order of rehabilitation or liquidation is issued under Section 31A-27a-301 or Section 31A-27a-401, the contractual obligations of the insurer for unperformed services of any director, principal officer, or person performing similar functions or having similar powers are terminated. This Subsection (7) does not apply to obligations vested before July 1, 1986.

Amended by Chapter 307, 2007 General Session

Amended by Chapter 309, 2007 General Session