

# Insurance Company Executive Compensation: Not What You Would Expect

There are a couple of things that have put the matter of life insurance company executive compensation front and center with me over the couple of months.

First- I recently had the opportunity to read an article from *Life Annuity Specialist* regarding the extreme pay being collected by the head of a sleepy little indexed annuity company in West Des Moines. It caused me to do a double-check because:

- 1). I recall the year that this company's CEO broke a salary of \$100,000, not 20 years ago.
- 2). The current CEO's compensation is purportedly 384 times greater than the aforementioned CEO's. (P.S. That is not a typo- 384X.)
- 3). The insurance company has a 1.22% market share of the \$284 billion deferred annuity market.

AND-

- 4). This company is paying their chief executive more than the CEO of State Farm makes.

So, yeah, you've got my attention.

Secondly, the *Wall Street Journal* was interested in executive compensation in the financial services industry, around the same time the LAS story was published. WSJ published an article on the "14 Highest-Paid CEOs in Financial Services," that caused me to conclude that the aforementioned highly-compensated CEO was not only the highest-paid insurance CEO of 2022, but that his pay also exceeded that of JPMorgan Chase's CEO, Jamie Dimon.

I found THAT especially curious, given the indexed annuity company's CEO pay, relative to the sales of the company.

**\*\*SN: Kudos to the gentleman who negotiated that package, just three years ago. \*\***

The conversations that ensued, as a result of me posting of these two articles on my LinkedIn feed, were lively and engaging. In the end, I had more questions than answers. Ultimately, it left me feeling that I needed to research the matter of executive compensation at life insurance companies.

My friend and mentor, Joseph Belth, was an excellent researcher in the life insurance industry. Long since retired, his monthly *The Insurance Forum* periodical set him apart as a thought leader in our business. From researching rising cost of insurance lawsuits, to reporting on insurance

companies that were cutting inforce rates, you could count on an insightful, thorough (and often controversial) read with each issue of his publication.

Of great interest, each year Professor Belth would publish the total compensation of dozens of insurance companies. This is information that is difficult to obtain. I know of two insurance departments that collect this information, but I am unaware of any resource that publishes the data, much less since Belth's retirement. Today, I undertook the task myself.

I obtained the data to fuel my research from the state of Nebraska's insurance regulator. All data collected was from 2022. My task- to compare the pay of 60 chief executives at the companies that report their deferred annuity sales to *Wink's Sales & Market Report*. In all, I was able to review the salaries, bonuses, stock, and other types of compensation for these insurance companies. The results of my research were surprising in many ways.

Before we dig in, I have a caveat. Some insurance conglomerates pay their CEOs for each insurance company held; others are paid one salary for managing all companies under the corporate umbrella. We have no means to disclose when this is the case, as each insurance company conglomerate handles it differently. These two methods are not differentiated in the regulatory exhibits. When reviewing the results, some of these may become apparent (i.e., four companies each pay their common CEO exactly the same salary, bonus, and stock options). Just please keep this in mind.

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Upon review of the data, the first thing that caught my attention was that these CEO's salaries were not as high as I anticipated. The average take-home in 2022 was \$882,991 for the year, with a high of \$4,284,734 paid. Interestingly, the bonuses paid were comparatively greater than salaries; with an average bonus of \$2,682,385, and a high of \$10,000,000. Not shockingly, the stock portion of compensation made up the lion's share of the compensation package, with a mean of \$1,584,287, and a high of \$24,384,269. However, overall compensation averaged \$5,808,845 for the year, with the highest-paid CEO pulling in \$28,163,924.

That's no small cookies.

What was really interesting, while reviewing the data, was the realization that stockheld insurance companies, who were NOT owned by private equity (PE), paid their executives nearly four times more than their PE counterparts. And while mutual CEOs made about half of stockheld CEOs' pay, fraternal CEOs made about 20% of what their mutual colleagues did.

I decided that it would be interesting to try and correlate each CEO's pay to some value that is representative of the company's effectiveness, or "success." I used 2022's deferred annuity sales, as reported in *Wink's Sales & Market Report*, as a measure of the company's relative achievement. There were companies that paid their CEOs a minute fraction of their annuity sales. There were others that paid their CEOs as much as one-third of the company's sales. One can only assume that in these instances that the relative sales success of other lines of business,

outside of deferred annuities, is a contributing factor to these individuals' compensation. Overall, CEO's averaged total compensation that was 1.2% of the company's deferred annuity sales reported.

I've published this data, on my blog, at [www.WinkIntel.com](http://www.WinkIntel.com), along with the results from the compensation exhibits. Enjoy, and I'll try to begin gathering this data annually.

P.S. I hope my CEO friends are able to use this data as leverage!

**Annuity Insurer Chief Executive Officer Total Compensation for 2022**

Rank	Company Name	Salary	Bonus	Stock	Option Awards	Sign-On Bonus	Other Compensation	Total Compensation	Total Compensation / 2022 Deferred Annuity Sales
1	American Equity Companies	\$1,000,000	\$2,684,748	\$24,384,269	\$0	\$0	\$94,907	\$28,163,924	0.8%
2	Massachusetts Mutual Life Companies	\$1,200,000	\$5,520,900	\$6,050,000	\$6,050,000	\$0	\$1,184,327	\$20,005,227	0.1%
3	National Western	\$1,111,360	\$1,607,721	\$0	\$10,724,323	\$0	\$4,951,685	\$18,395,089	8.2%
4	Equitable Financial	\$968,618	\$3,510,220	\$11,301,430	\$2,095,466	\$0	\$339,745	\$18,215,479	0.1%
5	Prudential	\$798,163	\$2,642,495	\$7,766,561	\$0	\$0	\$1,928,342	\$13,135,561	0.2%
6	Athene USA	\$1,000,000	\$3,271,166	\$7,388,423	\$0	\$0	\$370,712	\$12,030,301	0.1%
7	Columbus Life	\$1,568,967	\$10,000,000	\$0	\$0	\$0	\$0	\$11,568,967	29.5%
8	Integrity Life Companies	\$1,568,967	\$10,000,000	\$0	\$0	\$0	\$0	\$11,568,967	1.0%
9	Lafayette Life	\$1,568,967	\$10,000,000	\$0	\$0	\$0	\$0	\$11,568,967	10.0%
10	Western-Southern Life Assurance Company	\$1,568,967	\$10,000,000	\$0	\$0	\$0	\$0	\$11,568,967	0.2%
11	Security Benefit Life	\$588,880	\$3,957,274	\$6,804,406	\$0	\$0	\$24,034	\$11,374,594	0.2%
12	Lincoln National Life	\$1,056,783	\$1,813,558	\$5,118,044	\$1,293,774	\$0	\$1,675,515	\$10,957,674	0.1%
13	Protective Life Companies	\$987,500	\$9,758,127	\$0	\$0	\$0	\$145,344	\$10,890,971	0.7%
14	Fidelity & Guaranty Life	\$794,360	\$2,333,431	\$5,957,695	\$0	\$0	\$183,503	\$9,268,989	0.1%
15	Brighthouse Financial	\$985,577	\$1,831,500	\$5,999,955	\$0	\$0	\$259,185	\$9,076,217	0.1%
16	Pacific Life Companies	\$905,280	\$7,544,351	\$0	\$0	\$0	\$304,932	\$8,754,563	0.1%
17	Jackson National Life	\$485,000	\$3,986,700	\$3,825,839	\$0	\$0	\$16,365	\$8,313,904	0.1%
18	Horace Mann Life Insurance Company	\$1,000,000	\$2,276,266	\$2,100,000	\$900,000	\$0	\$1,918,893	\$8,195,159	5.6%
19	Corebridge Financial	\$1,250,001	\$2,407,500	\$4,489,602	\$0	\$0	\$41,077	\$8,188,180	0.1%
20	New York Life	\$942,308	\$6,169,940	\$0	\$0	\$0	\$62,874	\$7,175,122	0.0%
21	Thrivent Financial	\$1,126,654	\$5,537,387	\$0	\$0	\$0	\$47,461	\$6,711,502	0.2%
22	Sagicor Life	\$4,284,734	\$1,217,300	\$637,759	\$0	\$0	\$21,000	\$6,160,793	0.5%
23	Penn Mutual	\$1,000,000	\$5,029,900	\$0	\$0	\$0	\$0	\$6,029,900	1.7%
24	Sammons Financial Companies	\$1,033,551	\$2,569,714	\$0	\$0	\$0	\$2,163,295	\$5,766,560	0.1%
25	OneAmerica	\$1,175,000	\$4,213,083	\$0	\$0	\$0	\$79,027	\$5,467,110	3.5%
26	Securian Financial	\$1,119,232	\$3,783,000	\$0	\$0	\$0	\$70,780	\$4,973,012	0.7%
27	Global Atlantic Financial Group	\$312,726	\$1,877,772	\$2,029,979	\$0	\$0	\$8,673	\$4,229,150	0.0%
28	National Life Group	\$328,731	\$3,472,854	\$0	\$0	\$0	\$0	\$3,801,585	0.2%
29	Nationwide	\$348,789	\$3,097,017	\$0	\$0	\$0	\$51,264	\$3,497,070	0.0%
30	Symetra Financial	\$971,154	\$2,452,858	\$0	\$0	\$0	\$46,974	\$3,470,986	0.1%
31	RiverSource Life	\$449,239	\$855,333	\$530,999	\$1,146,721	\$0	\$476,090	\$3,458,382	0.1%
32	Mutual of Omaha	\$309,652	\$2,917,371	\$0	\$0	\$0	\$27,063	\$3,254,086	0.4%
33	Ameritas	\$759,519	\$2,279,331	\$0	\$0	\$0	\$7,519	\$3,046,369	0.5%
34	The Standard	\$886,458	\$2,145,825	\$0	\$0	\$0	\$1,150	\$3,033,433	0.3%
35	SILAC Insurance Company	\$2,724,448	\$0	\$0	\$0	\$0	\$0	\$2,724,448	0.1%
36	Reliance Standard	\$592,981	\$2,038,054	\$0	\$0	\$0	\$40,240	\$2,671,275	0.1%
37	Atlantic Coast Life	\$357,030	\$2,300,000	\$0	\$0	\$0	\$0	\$2,657,030	0.3%
38	Modern Woodmen of America	\$1,882,385	\$451,000	\$0	\$0	\$0	\$100,048	\$2,433,433	0.3%
39	CUNA Mutual Life	\$302,618	\$2,108,092	\$0	\$0	\$0	\$7,258	\$2,417,968	0.1%
40	Equitrust	\$1,159,000	\$1,125,000	\$0	\$0	\$0	\$0	\$2,284,000	0.1%
41	Sentinel Security Life	\$400,000	\$1,754,020	\$0	\$0	\$0	\$0	\$2,154,020	0.2%
42	Allianz Life	\$750,000	\$1,312,053	\$0	\$0	\$0	\$4,467	\$2,066,520	0.0%
43	American National	\$732,419	\$1,294,843	\$0	\$0	\$0	\$2,584	\$2,029,846	0.1%
44	Nassau	\$368,200	\$1,378,515	\$0	\$0	\$0	\$53	\$1,746,768	0.2%
45	Manhattan Life Group	\$998,759	\$732,188	\$0	\$0	\$0	\$0	\$1,730,947	0.5%
46	Transamerica	\$908,333	\$0	\$672,252	\$0	\$42,728	\$7,675	\$1,630,988	0.2%
47	Americo	\$1,548,168	\$0	\$0	\$0	\$0	\$0	\$1,548,168	0.3%
48	Ibexis Life & Annuity	\$600,000	\$487,500	\$0	\$0	\$0	\$14,601	\$1,102,101	1.9%
49	Prosperity Life Insurance Group	\$419,290	\$622,200	\$0	\$0	\$0	\$0	\$1,041,490	0.1%
50	Aspida Life	\$511,538	\$500,000	\$0	\$0	\$0	\$0	\$1,011,538	0.2%
51	Farm Bureau	\$381,100	\$496,759	\$0	\$0	\$0	\$27,707	\$905,566	0.2%
52	CNO Companies	\$349,008	\$497,396	\$0	\$0	\$0	\$50,263	\$896,667	0.1%
53	Kuvare Companies	\$436,350	\$332,481	\$0	\$0	\$0	\$17,681	\$786,512	0.0%
54	Fidelity Investment Life	\$85,313	\$149,625	\$0	\$0	\$0	\$453,337	\$688,275	0.1%
55	Royal Neighbors	\$373,261	\$218,737	\$0	\$0	\$0	\$1,552	\$593,550	3.3%
56	Delaware Life	\$577,908	\$0	\$0	\$0	\$0	\$0	\$577,908	0.0%
57	Investors Heritage Life Insurance	\$377,644	\$0	\$0	\$0	\$0	\$50,956	\$428,600	0.1%
58	Oxford Life	\$259,823	\$130,000	\$0	\$0	\$0	\$17,736	\$407,559	0.1%
59	Puritan Life	\$116,250	\$0	\$0	\$0	\$0	\$0	\$116,250	0.1%
60	American Life & Security Corp.	\$312,500	\$250,000	\$0	\$0	\$0	\$0	\$562,500	0.3%

Source: State of Nebraska Supplemental Compensation Salary Exhibits, 2022  
Wink's Sales & Market Report, 4Q2022