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Ameriprise CEO Took Home Sweetest Pay Package Last Year

By Cyril Tuohy May 6, 2020

Ameriprise Financial CEO **James Cracchiolo**, who helped push the company further into more profitable life and annuity products last year, was rewarded as the industry's top-earning CEO, according to proxy filings.

Cracchiolo's compensation was \$24.5 million in 2019, down almost 5%. The company's share price surged almost 60% over that period, about twice as much as the S&P 500 Index.

"For life, it was an average-to-good year for the sector," said **Stephen Brown**, a partner at **Mercer**, a human resources and employee benefits consulting firm.

Eric Steigerwalt, CEO of **Brighthouse Financial**, saw his compensation fall 45% to \$8.49 million, according to the company's filing.

The earnings for **Ross Moody**, CEO of **National Western Life**, more than doubled to \$9.76 million. That was due to a change in the accumulated pension benefit under National Western's qualified and non-qualified benefit plans, the company's filing shows.

2019 Compensation for Heads of Large Publicly Traded Insurers

Company	CEO	Comp. (mlns of \$)	Change (%)	Share price ch. (%)
Ameriprise Financial	James Cracchiolo	24.52	-4.8%	59.6%
AIG	Brian Duperreault	19.37	-7.2%	30.2%
Lincoln National	Dennis Glass	15.41	6.9%	15.0%
Prudential Financial	Charles Lowrey	15.13	46.1%	14.9%
Principal Financial	Daniel Houston	14.75	20.6%	24.5%
MetLife	Michel Khalaf	14.57	35.2%	24.1%
Aflac	Dan Amos	14.11	-19.4%	16.1%
Voya Financial	Rodney Martin Jr.	12.55	10.8%	51.9%
Equitable	Mark Pearson	11.25	-7.2%	49.0%
American Financial Group	Carl Lindner III	10.46	2.5%	21.1%
American Financial Group (1)	S. Craig Lindner	10.46	2.6%	21.1%
Assurant	Alan Colberg	10.16	-25.4%	46.6%
National Western	Ross Moody	9.76	135.5%	-3.3%
Unum	Richard McKenney	9.73	-1.7%	-0.7%
Brighthouse Financial	Eric Steigerwalt	8.49	-45.3%	28.7%
Globe Life (1)	Gary Coleman	8.34	6.5%	41.2%
Globe Life	Larry Hutchison	8.34	4.6%	41.2%
CNO Financial	Gary Bhojwani	6.79	-11.8%	21.8%
Primerica	Glenn Williams	5.28	2.5%	33.6%
American Equity	John Matovina (2)	4.46	25.3%	10.7%
Athene Holding	James Belardi	4.25	-0.5%	18.1%
Berkshire Hathaway	Warren Buffett	0.37	-2.6%	10.9%

The change column reflects the difference between 2019 and 2018 compensation. Share price change is for 2019.

(1) These companies have co-CEOs

(2) No longer CEO

Source: company proxy filings

Many life and annuity companies hit their targets, which are set by compensation committees. When companies hit certain targets, senior executives are rewarded with stock or other forms of compensation.

“2019 relative to target was very strong relative to the life and annuity industry,” said **Steve Hinden**, a senior director for talent and reward in the executive compensation practice of **Willis Towers Watson**.

Pay ratios last year ranged from a low of 5.7-to-1 for **Warren Buffett**, CEO of insurance holding company **Berkshire Hathaway**, to a high of 288-to-1 for Brian Duperreault, CEO of AIG, whose compensation was \$19.37 million last year.

Duperreault earned \$288 for every \$1 earned by the median employee, but ratio metrics can be deceiving since companies may include or leave out categories of workers like contractors and agents.

Stable Pay Ratios

Pay ratios from 2018 to 2019 were stable as life insurance isn't an "outlier type" of industry, said **Robin Ferracone**, CEO of executive compensation consultants **Farient Advisors**. "Many are the same as the year before and the pay is the same," she said.

Cracchiolo, whose base salary was \$1.025 million, was lauded for ensuring the company had "high-quality differentiated insurance and annuity books of business," as well as reducing the company's exposure to long-term-care insurance and continuing to shift to lower-risk products, according to the proxy.

Ameriprise unit **RiverSource Life** earlier this year entered the buffered annuity market for the first time, for example. The index-linked variable annuities have been a hot-growth segment of the market, with sales soaring 44% in the first quarter.

Prudential Financial CEO **Charles Lowrey**'s earnings rose 46% in 2019 to \$15.13 million. The company's share price gained 15% last year. He was awarded \$4.98 million in stock last year, twice as much as he received in 2018.

"It was a reasonable year to a decent year so I would expect in general more companies that hit targets than did not, but it wasn't a gangbuster year in which most companies do better than target," said Brown.

"The responsibility of the CEO varies in size and complexity," he added.

Next year's proxy statements will tell a different story as incentive plans were set before the industry faced the economic challenges brought on by the coronavirus pandemic.

"From a pay outcome 2019 is most likely going to be better than what you are going to see next year at this time," Brown said.

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