

US Insurance

2021: What's the incentive?

Equities

Americas

Insurance

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Compensation ROEs decreased an average of 70 bps y/y

The average 2020 ROE target used in compensation metrics for P&C insurers decreased on avg. 70 bps y/y. We suspect that the decline in ROE expectations may be linked to reduced investment yields as interest rates remained low coming into 2020. Moreover, while pricing was improving for commercial lines insurers, it would take until 2021 to see it impact underwriting margins. For life insurers, ROE was not defined as a specific component of short-term incentive compensation factors for any company other than PRU, where there is a factor based on adjusted operating ROE relative to a peer group median. Rather, ROE, BVPS and EPS carried more weight in the long-term incentive programs for life insurers.

Performance shares continue to become a bigger part of long-term comp

In 2020, every Life and P&C Insurance company and broker in our analysis had 50% or more of LT comp linked to performance- an increase from last year following a revision to performance share allocation at CB (where performance shares comprises 56-75% of LTI comp), as well as changes for companies where performance-based award grants are not a fixed percentage (PGR, RE). On average, 64% of P&C long-term incentive programs, and 68% for Life, are performance-based with the remainder in stock options and time-based awards.

For P&C insurers and insurance brokers, CEO annual incentive comp declined 7% on average in 2020

2020 annual incentive compensation declined on average by 7% y/y for the insurers in our analysis; however, this varied considerably from company to company given the mixed impacts on the pandemic. AIZ led the way with a 33% increase in annual incentive comp for its CEO; this was primarily driven by an 18% increase in the CEO's base salary which forms the basis of the target award, and outperformance on performance metrics that determine the ultimate payout. HIG had the greatest decline in incentive comp at -34%, due to the company failing to reach its target core earnings metrics in 2020 (80% of target vs 148% in 2019). "Say on Pay" votes for P&C insurers remained very good with an average 92% approval of executive compensation.

For Life, avg. CEO annual incentive compensation declined 11% in 2020

2020 annual incentive compensation declined on average by 11% y/y for the Life CEOs in our analysis; though this varied considerably from company to company given the mixed impacts from the pandemic; the only Life stock with a positive total return was EQH with +7% (average was -9% for the group in 2020). UNM's had the only positive change, with a 6% increase, while RGA's declined 35%. Long-term incentives, however, made up for the short-term pressure overall driving total compensation for Life CEOs up 8% on average in 2020 (excluding changes in pension values). Aside from just CEOs, PRU was the leader in terms of highest paid executives overall, followed by MET and EQH. Say-on-pay results for life averaged 92% approval of executive compensation; LNC's approval dropping 10pts to 72% this year.



P&C Compensation Analysis

P&C ROE targets declined in 2020

ROE targets for incentive compensation programs for 2020 decreased by average of 70 bps for the companies we looked at in this report that use this as a performance metric. This broke the trend of increasing ROE targets over the last two years, but is consistent with compensation committees adjusting performance targets for what they view as extraordinary events - such as Covid-19. For 2021, ALL increased its ROE target to 16% versus 14% in the prior year, while TRV kept its ROE flat at 10%.

Figure 1: Executive compensation ROE targets

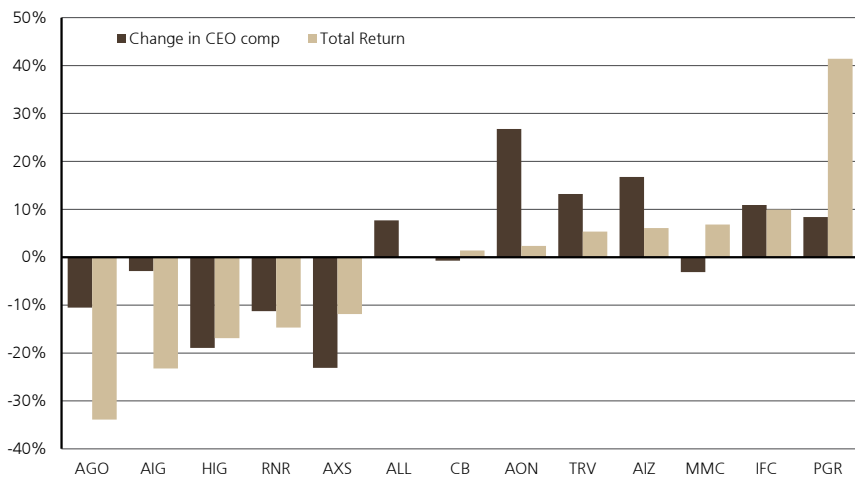
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
ACGL- Target for Annual Incentive Comp		10.0%	12.0%	11.0%						
ALL - 100% Vesting of Performance Shares	16.0%	14.0%	14.0%	13.5%	11.0%	13.0%	13.5%	13.0%	12.0%	10.0%
AXS - Target for Annual Incentive Comp		10.0%	10.0%	9.0%	9.0%	9.0%	9.0%	10.0%	10.0%	10.0%
HIG - Implied Target for AIP		11.0%	11.5%	11.3%	8.1%	9.1%	9.0%	7.9%		
RE - Midpoint of CEO Cash Bonus Grid		11.1%	12.2%	11.0%	10.0%	10.5%	11.0%	10.2%	9.7%	10.5%
RE - 100% Vesting of Performance Shares		11.1%	12.2%	11.0%	10.0%	10.5%	11.0%			
TRV - 100% Vesting of Performance Shares	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	9.0%	10.0%
TRV - Business Plan for Annual Cash Bonus		11.0%	11.8%	10.0%	10.1%	11.2%	11.8%	12.3%	10.7%	10.3%
WRB - 100% Vesting of Performance Shares		9.3%	9.5%	10.4%	9.6%	8.7%	9.4%	9.3%		
AVERAGE	10.8%	11.5%	10.8%	9.7%	10.3%	10.6%	10.4%	10.3%	10.2%	10.2%
MEDIAN	11.0%	11.8%	11.0%	10.0%	10.3%	10.5%	10.0%	10.0%	10.0%	10.0%

Source : Company reports, UBS; for Life Insurance, we found no specific short-term ROE targets for incentive comp (more important for LTI)

Correlation between CEO pay and shareholder return modestly deteriorating

For the majority of companies in our analysis, the change in CEO compensation y/y trended directionally with stock returns in 2020- likely due to increasingly prevalent TSR modifiers as part of long-term incentive comp programs. AON's CEO had the greatest increase in comp y/y at 26% relative to share returns of just 2%. PGR stock, in contrast, outperformed the most of its peers at with a +40% increase, but CEO comp increased by just under 10%.

Figure 2: P&C: AON had highest y/y increase in total comp while AXS had the least



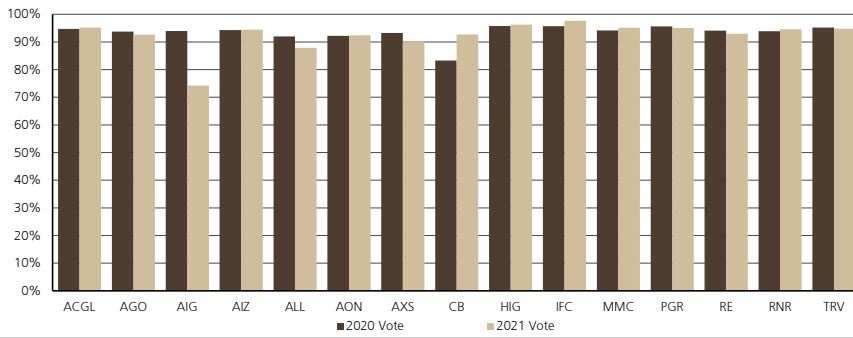
Source : Company reports, Factset. Excludes JRVR which has not filed its proxy at time of publishing, and RE which had a new CEO in 2020.

Results of say-on-pay votes remain strong with average affirmative vote of 92%

Say-on-pay votes stayed consistent , with an average affirmative vote of 92% versus 93% last year. AIG saw the biggest decline in its say-on-pay vote, with 74% of voters approving of its compensation plan versus 94% the previous year. Conversely, CB saw solid improvement in voting results as 93% of investors approved of executive compensation versus 83% last year. We believe the better results at CB are in part due the compensation committee's decision not to adjust any financial performance goals or other award criteria due to Covid-19 - in contrast to many peers, including AIG.



Figure 3: P&C: Say-on-pay vote results

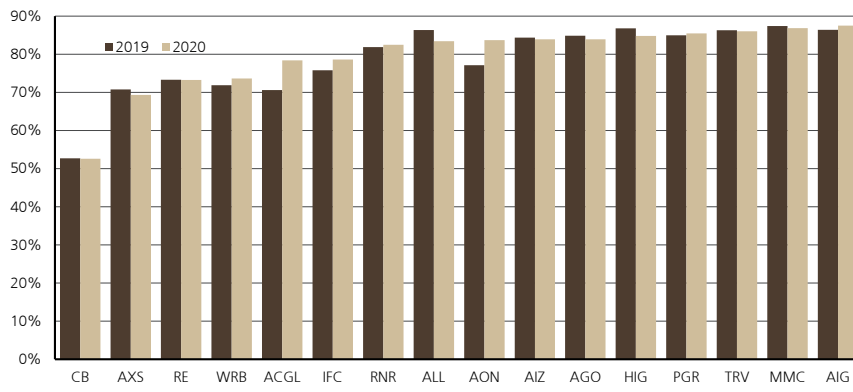


Source : Company reports. Excludes JRVR which has not released its proxy at time of publishing and ROOT which did not have a 2020 proxy.

Long-term compensation remains the bulk of NEO comp

On average, NEOs in our coverage received 80% of compensation for the prior three years in the form of long-term comp (Figure 4), slightly higher than last year. For 14 of the 16 companies we analyzed, LT comp represented 70% or more of total compensation for NEOs.

Figure 4: P&C: 3-year Average Long-term Compensation as % of Total Comp for all NEOs



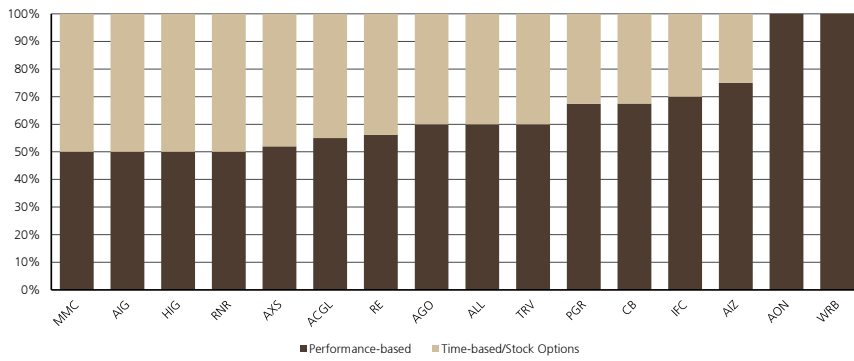
Source : Company reports. Excludes JRVR, which has not released its proxy at time of publishing.

Performance shares continue to become a bigger part of long-term comp

We believe that linking long-term incentive compensation to performance is the best way to align management incentives with shareholders. This year, every company in our analysis had 50% or more of LT comp linked to performance- an increase from last year following a revision to performance share allocation at CB (where performance shares comprises 56-75% of LTI comp), as well as changes for companies where performance-based award grants are not a fixed percentage (PGR, RE). We did not include JRVR this year as the proxy has not yet been released. On average, 64% of long-term incentive programs are performance-based with the remainder in stock options and time-based awards.



Figure 5: P&C: 2020 Long-term incentive comp % based on performance

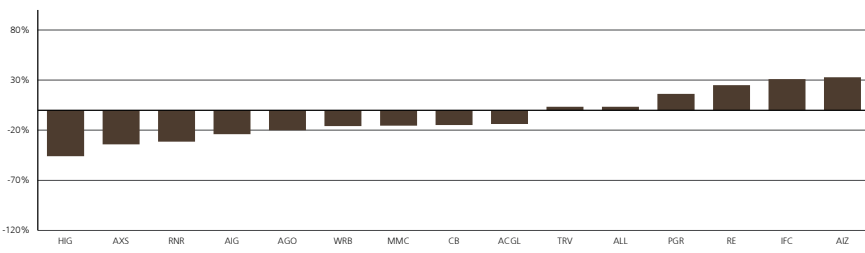


Source : Company reports. Excludes JRV R which has not released its proxy at time of publishing.

AIZ leads group with 33% increase in CEO annual incentive compensation

2020 annual incentive compensation declined on average by 7% y/y for the insurers in our analysis; however, this varied considerably from company to company given the mixed impacts of the pandemic. AIZ led the way with a 33% increase in annual incentive comp for its CEO; this was primarily driven by an 18% increase in the CEO's base salary which forms the basis of the target award, and outperformance on performance metrics that determine the ultimate payout. HIG had the greatest decline in incentive comp at -34%, due to the company failing to reach its target core earnings metrics in 2020 (80% of target vs 148% in 2019).

Figure 6: P&C: Year-over-year increase in CEO's annual incentive compensation

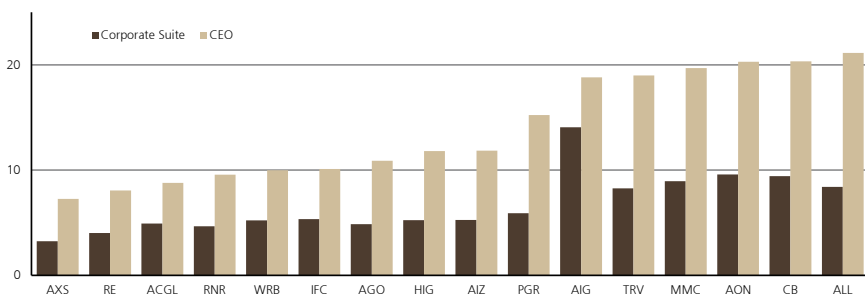


Source : Company reports; excludes JRV R, which has not released its proxy at time of publishing, and AON where executives chose to forgo 2019 bonuses.

AIG continues to lead group in total NEO compensation

We compared total NEO compensation to the average compensation paid for all NEOs. AIG remained the leader in terms of highest paid executives overall, however, the leaders in CEO compensation for 2020 were CB, MMC, and ALL (again), as well as AON this year.

Figure 7: P&C: Total compensation for CEO and average for all NEOs



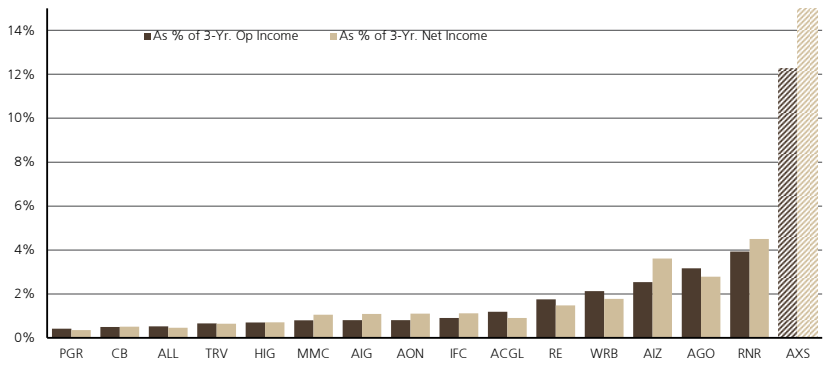
Source : Company reports. Excludes JRV R, which has not released its proxy at time of publishing,

Another metric we looked at is CEO compensation as a % of both operating and net income. CEO compensation averaged ~2% of 3-year operating income (down from 3% last year), with 9 out of 16 companies below 1%. AXS had the highest percentage again this year at 12%, but this is primarily due to an operating loss in 2020 as results were impacted by heavy catastrophe losses, including those from the pandemic. If we assume



AXS earned similar operating income in the past three years as it did in 2019, this number drops to 4%.

Figure 8: P&C: 3-yr CEO compensation as % operating, net income



Source : Company reports (proxy statements). Note: AIG and AXS % of net income not shown due to negative net income; AXS represents 19% of three-year operating income. Excludes JRVR, which has not released its proxy at time of publishing.

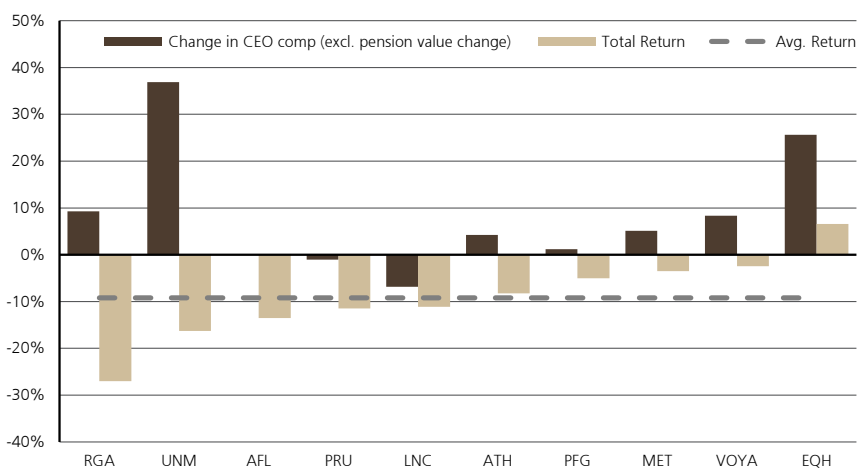


Life Compensation Analysis

Lower correlation between CEO pay and total shareholder return

There was little correlation between the change in CEO total compensation in 2020 versus total shareholder returns for the life group. This is not necessarily surprising given the impact of historically low interest rates and the pandemic on life insurance stocks in 2020. For this analysis, we exclude change in pension values as they are outside the direct control of participants and are impacted by changes in discount rates etc. Nonetheless, UNM's CEO had the biggest increase in comp in 2020 at +37%, primarily in LTI, followed by EQH's CEO at +26%. This compares to total return for UNM shares in 2020 of -16%, and +7% for EQH.

Figure 9: Life: UNM had highest y/y increase in total comp while LNC had the least

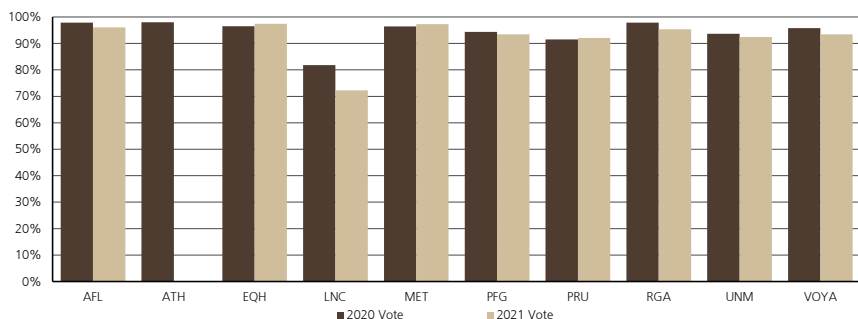


Source : Company reports, Factset.

Results of Life say-on-pay votes declined 2pts with average affirmative vote of 92%

Say-on-pay votes declined slightly, with an average affirmative vote of 92% in 2021 versus 94% last year. LNC saw the biggest decline in its say-on-pay vote, with 72% of voters approving of its compensation plan versus 82% last year. Conversely, EQH, MET and PRU each saw an improvement of one percentage point in 2021 for approval of executive compensation. We note LNC's compensation committee made adjustments to incentive compensation plans in response to COVID, whereas EQH, MET and PRU made no adjustments to goals or criteria. ATH's 2021 results are not yet available as the annual meeting is scheduled for August 31, 2021.

Figure 10: Life: Say-on-pay vote results



Source : Company reports. ATH annual meeting scheduled for Aug. 31, 2021

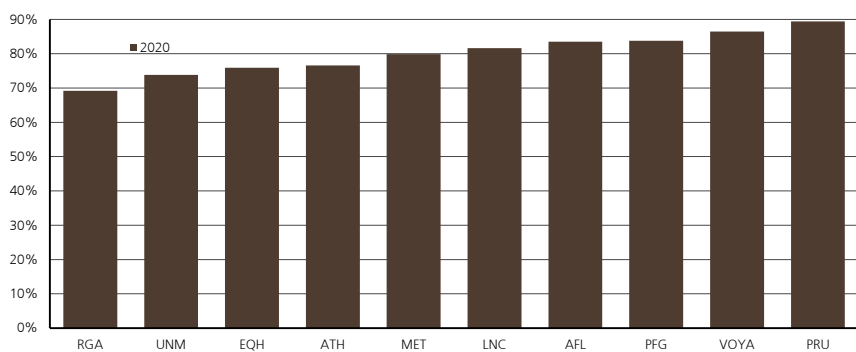
Long-term compensation remains the bulk of NEO comp for Life

On average, NEOs in our coverage received 80% of compensation for the prior three years in the form of long-term compensation, which was the same average percentage as P&C insurance. For almost all of the companies we analyzed, LT comp represented



70% or more of total compensation for NEOs.

Figure 11: Life: 3-year Average Long-term Compensation as % of Total Comp for all NEOs

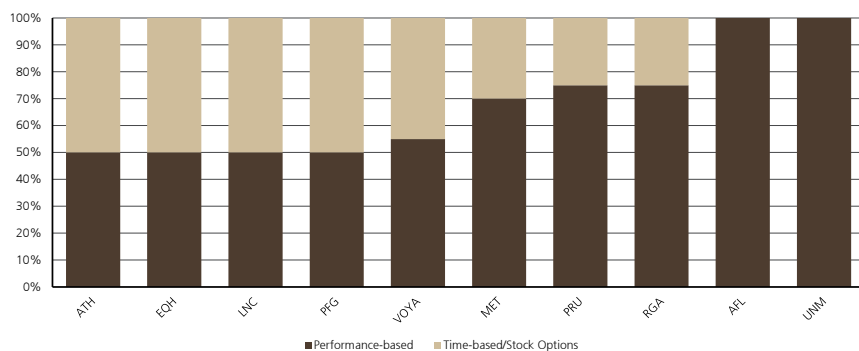


Source : Company reports. Total comp excludes change in pension value and perquisites

Performance shares continue to become a bigger part of long-term comp

We believe that linking long-term incentive compensation to performance is the best way to align management incentives with shareholders. Every life company in our analysis had 50% or more of LT comp linked to performance. On average, 68% of Life long-term incentive programs are performance-based with the remainder in stock options and time-based awards.

Figure 12: Life: 2020 Long-term incentive comp % based on performance

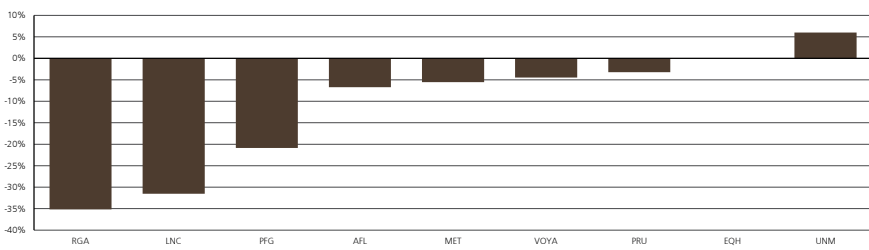


Source : Company reports.

UNM leads Life group with 6% increase in CEO annual incentive compensation

2020 annual incentive compensation declined on average by 11% y/y for the Life insurers in our analysis; however, this varied considerably from company to company given the mixed impacts on the pandemic. UNM had the only positive change, with a 6% increase in annual incentive comp for its CEO; this was primarily driven by UNM's compensation committee considering his 2020 performance and other factors including investor perceptions around LTC. RGA had the biggest decline in comp for 2020, largely driven by pandemic impacts on the company's EPS and BVPS targets.

Figure 13: Life: Year-over-year increase in CEO's annual incentive compensation



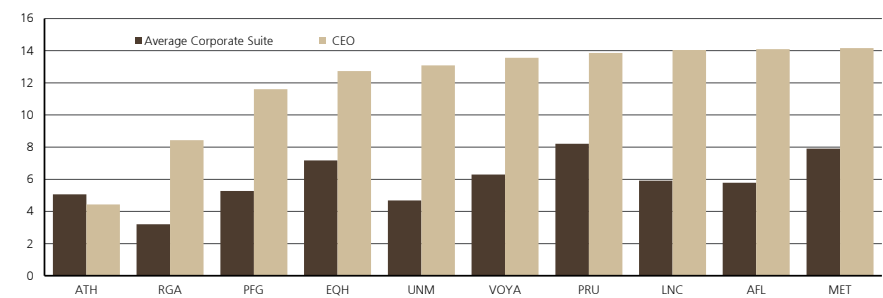
Source : Company reports

PRU, MET lead the Life group in total NEO compensation



We compared total NEO compensation to the average compensation paid for all NEOs. PRU is the leader in terms of highest paid executives overall, followed by MET, and then EQH.

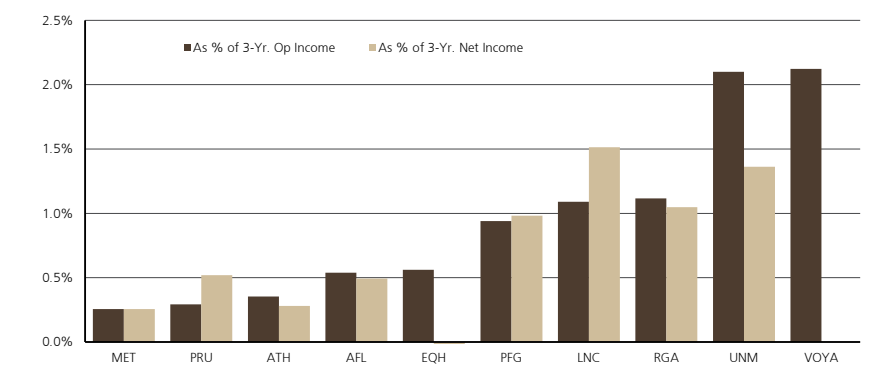
Figure 14: Life: Total compensation for CEO and average for all NEOs



Source : Company reports. Total compensation excludes change in pension value.

Another metric we looked at is trailing three-year CEO compensation as a % of both operating and net income. CEO compensation averaged ~1% of 3-year operating income, with 6 out of 10 companies below 1%. VOYA had the highest percentage this year at 2.1%, while MET had the lowest with 0.3%. We note this is based on reported operating income, which includes pandemic underwriting impacts but also alternative investment returns.

Figure 15: Life: 3-yr CEO compensation as % operating, net income



Source : Company reports (proxy statements). Note: EQH % of net income not shown due to negative net income; VOYA % of net income not shown due to impact on net income from sale of individual life and other closed block businesses (initial write-down of assets held for sale in 2019 plus pandemic-related net losses from the life business in 2020 reported under businesses to be exited).



Aflac (AFL)

Figure 16: AFL Executive Compensation Summary

Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change In Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
Daniel P. Amos <i>Chairman & CEO</i>	2020	1,441,100	-	8,471,063	-	3,734,173	8,514,587	452,804	22,613,727	37%
	2019	1,441,100	-	8,272,062	-	4,002,594	-	393,096	14,108,852	59%
	2018	1,441,100	-	8,922,142	-	4,638,345	2,166,871	366,940	17,535,398	51%
Max K. Broden <i>EVP, CFO and Treasurer</i>	2020	560,000	-	978,137	-	620,672	-	195,451	2,354,260	42%
	2019	-	-	-	-	-	-	-	-	-
	2018	-	-	-	-	-	-	-	-	-
Frederick J. Crawford <i>President, CDO</i>	2020	825,000	-	2,058,586	-	1,807,738	-	439,337	5,130,661	40%
	2019	725,000	-	3,066,265	-	1,104,981	-	322,446	5,218,692	59%
	2018	725,000	-	4,905,453	-	1,391,688	-	366,214	7,388,355	66%
Eric M. Kirsch <i>EVP, CIO</i>	2020	650,000	-	1,297,533	-	2,219,400	64,131	30,615	4,261,679	30%
	2019	650,000	-	1,338,520	-	2,291,995	80,568	29,729	4,390,812	30%
	2018	593,800	-	2,248,570	-	2,150,087	22,820	28,620	5,043,897	45%
Audrey Boone Tillman <i>EVP, General Counsel</i>	2020	700,000	-	1,746,677	-	713,650	1,910,129	11,560	5,082,016	34%
	2019	680,000	-	1,400,319	-	850,830	2,636,646	38,695	5,606,490	25%
	2018	670,333	-	1,429,765	-	1,121,759	1,135,561	13,739	4,371,157	33%

Source : Company reports (proxy statement).

Annual Incentive Compensation.

AFL determines its annual bonus compensation payout based on consolidated adjusted EPS excluding foreign currency effect, new annualized premiums & earned premiums in the US and Japan, GAAP net investment income in the US and Japan, as well as credit losses/impairments. In addition to currency neutrality, AFL considers the prior year's results, current business operating environment and the forecasts emerging from the Company's strategic planning process when setting objectives for each metric. For example, new product launches and distribution expansion can materially affect sales results in Japan from one year to the next. In addition, low interest rates were expected to continue in 2020, especially in Japan. A low rate environment would continue to pressure Aflac Japan's net investment income, as private placement investments were called or matured, and lead mgmt to continue actively managing down sales of first sector savings type products, which have returns that are more interest rate sensitive. The goals for these metrics, having been established before the onset of the global pandemic, are generally consistent with AFL's public guidance as provided during the 2019 December Outlook Call.

Figure 17: AFL annual incentive metrics

Metric	Minimum Goal	Target Goal	Maximum Goal	2020 Actual	2020 Payout % vs. Target
Adj. EPS ex. Fx	\$4.32	\$4.42	\$4.55	\$4.89	200%
US Sales Growth	3.50%	4.50%	6.00%	-31.14%	0%
US Earned Premium Growth	0.00%	0.60%	1.25%	-1.17%	0%
Japan Sales Growth (ex. Japan Post)	¥59.0b	¥62.4b	¥66.6b	¥50.2b	0%
Japan Decrease in Earned Premium	-1.10%	-0.67%	-0.20%	-0.98%	63.73%
NII (GAAP US & Japan)	Budget minus 2.2%	Budget	Budget plus 2.7%	4.76%	200%
Credit Losses/Impairments	-\$375m	-\$225m	-\$75m	-\$125m	167%

Source : Company reports (proxy statement).

Long Term Equity Incentives. Long-term variable equity awards granted annually in performance-based restricted stock ("PBRs") (100% of LTI for the CEO and other NEOs) under AFL's Long-Term Incentive Plan. PBRs vests based on three-year financial performance. Currency neutral adjusted ROE (70% weighting), Risk-Based Capital (15% weighting), and Solvency Margin Ratio (15% weighting) are metrics that affect AFL's long-term business strategy and operating environment. Payout is also contingent on a relative total shareholder return modifier up to +/- 20% to capture performance relative to peers.

What's the Incentive? The PBRs target through 2023 is for 3-year average AROE of 14% (minimum 12.5%), SMR of 622% (minimum 522%), RBC 422% (minimum 52%). The targets exclude potential impacts from LDIT, unrealized gains on AFS securities, etc. For 2021, AFL will widen MIP thresholds around target levels while maintaining sloping on certain metrics, and will begin incorporating an ESG modifier of -5%, flat or +5% based on achievement of critical ESG objectives. AFL beat the targeted currency-neutral



adjusted ROE target in 2020, with 15.1%; consensus forecasts are for 13.9% 12.7% in 2021/22E respectively, implying a 3-yr avg. of 13.9%, modestly below the LTI target but within the minimum threshold.



Allstate Corporation

Figure 18: ALL Executive Compensation Summary

Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change in Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
Thomas J. Wilson II Chairman & CEO	2020	1,375,962	-	7,312,094	4,404,993	4,889,563	3,116,842	26,930	21,126,386	53%
	2019	1,340,385	-	6,045,035	4,030,005	4,730,100	3,354,557	115,614	19,615,696	51%
Mario Rizzo Executive VP & CFO	2020	1,290,385	-	5,812,528	3,874,998	6,719,194	873,170	116,971	18,687,246	52%
	2019	752,039	-	1,434,229	863,998	1,250,000	516,698	26,112	4,843,076	47%
Don Civgin Vice Chair and CEO, Protection Products and Sics	2020	716,154	-	1,260,045	840,002	1,053,000	531,414	25,530	4,426,145	47%
	2019	690,577	-	1,250,038	840,004	1,510,788	-	23,391	4,326,798	49%
Glenn Shapiro President, Personal Lines	2020	905,769	-	1,952,092	1,175,995	1,810,861	113,798	28,664	5,987,179	52%
	2019	836,154	-	1,476,031	983,993	1,400,000	111,961	33,101	4,841,240	51%
John Dugenske President, Investments and Fin. Products	2020	816,154	-	1,439,978	960,000	1,900,000	80,984	37,580	5,234,696	46%
	2019	828,077	-	1,683,122	1,014,003	1,473,089	67,206	34,382	5,009,879	53%
	2018	774,231	-	1,462,532	974,999	1,366,000	77,506	35,281	4,690,549	52%
	2017	743,942	-	1,462,528	974,995	2,050,000	46,564	38,270	5,316,299	46%
	2020	810,577	-	1,672,397	1,007,507	1,410,109	59,411	25,482	4,985,483	54%
	2019	770,193	-	1,350,008	900,001	1,132,000	64,737	24,760	4,241,699	53%
	2018	745,192	2,000,000	1,380,029	920,007	1,616,607	78,006	24,560	6,764,401	34%

Source : Company reports.

Annual Cash Incentive Awards. ALL has maintained the same three performance measures for the bonus pool- performance net income, total premiums, and net investment income (NII) - as in 2019. However, in 2020 the company chose to decrease the relative importance of NII to incentive comp. Benchmarks and actual performance on each of the metrics are shown in **Figure 16**. Beginning in 2021, ALL will also begin consider a "Strategic Initiatives Scorecard" measure which will measure progress on Transformative Growth and inclusive diversity and equity strategies.

Figure 19: ALL Annual Cash Incentive Award Performance Measures (\$mln)

Measure	% Contribution to Funding	Threshold	Target	Maximum	Actual	Payout as % of Target
2020:						
Total Premiums	43.6%	40,200	40,700	41,200	40,258	55.8%
Performance Net Income	43.6%	2,600	3,300	4,000	4,967	200.0%
Net Investment Income	12.8%	3,115	3,400	3,685	3,240	71.9%
Percentage Payout		50%	100%	200%		
2019:						
Total Premiums	43.0%	39,100	39,800	40,200	39,455	75.4%
Performance Net Income	43.0%	2,350	3,150	3,800	3,571	164.8%
Net Investment Income	14.0%	3,095	3,315	3,535	3,260	87.5%
Percentage Payout		50%	100%	200%		

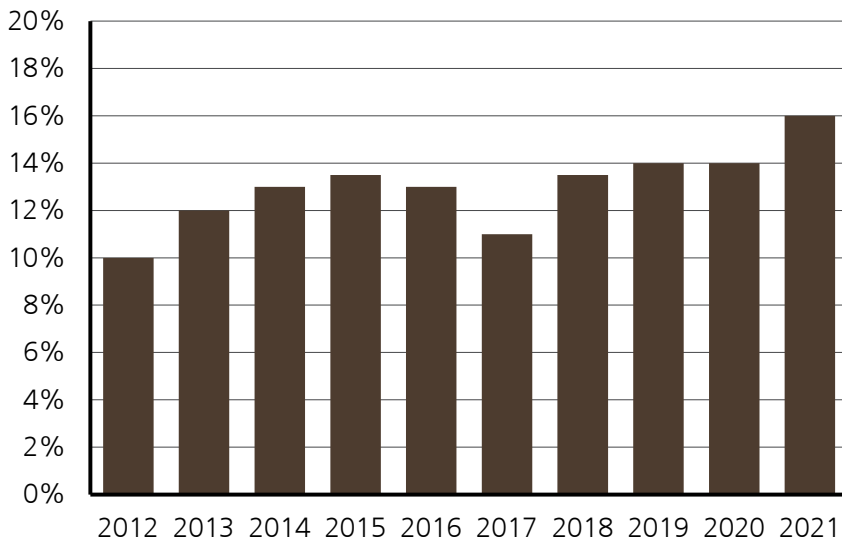
Source : Company reports.

When compared against 2019 actual results, 2020 plan targets were higher for total premiums and NII, and lower for performance net income which we believe reflects the challenging operating environment many companies faced in 2020.

Long-term Equity Incentive Awards. Starting in 2021, performance share awards will be based on Average Performance Net Income ROE (50% weighting), Relative TSR (30% weighting) and Items in Force Growth (20% weighting), which is a new metric for this award cycle. For Relative TSR, payouts are 0% for performance < 25th percentile, 50% for performance at the 25th percentile, 100% for performance at the 55th percentile, and 200% for performance at the 90th percentile. ALL kept the mix of equity incentives for senior executives at 60% performance stock awards (PSAs) and 40% stock options.



Figure 20: ALL Adjusted Operating Income ROE targets for PSU plan



Source : Company reports.

What's the Incentive? Allstate increased its PSA ROE benchmarks for the 2021-2023 performance cycle to 16.0%. ALL is currently above the 14% target for both 2019-2021 and 2020-2022 award cycles. We estimate the 2020 ROE was around 21.2%; in order to hit its target for 2020-2022 awards, ALL must earn an average ROE of at least ~10.4% for 2021 and 2022.



American International Group

Figure 21: AIG Executive Compensation Summary

Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change In Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
Brian Duperreault <i>CEO</i>	2020	1,600,000	-	9,060,331	3,224,992	4,500,000	184,309	240,742	18,810,374	65%
	2019	1,600,000	-	8,613,966	2,799,997	5,920,000	178,306	257,368	19,369,637	59%
Mark Lyons <i>Executive VP & CFO</i>	2020	1,600,000	-	11,757,189	4,199,993	3,040,000	-	257,487	20,854,669	77%
	2019	1,000,000	-	5,291,393	824,998	3,059,000	-	61,065	10,236,456	60%
Peter Zaffino <i>President and COO</i>	2020	1,400,000	-	2,845,654	924,997	2,924,000	-	60,479	7,755,130	49%
	2018	453,846	-	178,942	3,068,721	1,050,000	-	8,379	4,759,888	68%
Douglas Dechille <i>EVP and CO</i>	2020	1,250,000	-	15,952,472	2,149,992	4,500,000	-	64,522	24,066,986	75%
	2019	1,250,000	2,396,867	6,460,452	2,099,998	6,000,000	-	65,631	18,388,334	47%
Lucy Fato <i>EVP, General Counsel Head of Communications and Gov Affairs</i>	2020	1,250,000	-	4,461,383	1,593,742	2,850,000	-	68,467	12,620,459	48%
	2019	1,250,000	-	2,985,016	1,062,500	3,300,000	1,090	67,661	8,666,267	47%
	2018	1,192,308	-	3,537,883	1,149,995	4,525,000	596	82,145	10,545,619	44%
	2020	930,000	-	4,461,383	1,593,742	2,375,000	385	84,578	9,707,396	62%

Source : Company reports.

Annual Cash Incentive Bonuses. In light of challenging operating conditions in 2020, AIG's compensation committee chose to concentrate on company-wide performance metrics rather than individual business units, with a focus on liquidity, capital preservation and de-risking the portfolio as strategic priorities. While the fundamental structure of the calculations in the program and the payout profile remain unchanged from 2019, the CMRC designed the 2020 STI program to reward for a strong capital position emerging from the COVID-19 crisis with which to pursue longer-term strategies that unlock shareholder value, including the announcement of the planned separation of AIG's Life and Retirement business from AIG.

Figure 22: Performance Scorecard Metrics and Results

Business	Performance Metric	2020 Actual	Assessment
Headquarters <i>Duperreault, Lyons, Zaffino, Fato</i>	Direct GOE for full year	\$1,447 million	Target
	AIG 200 Cumulative Run-rate Net GOE Savings	-\$400 million	Above Target
	Weighted Average of General Insurance, Investments and Life and Retirement Performance	N/A	Above Target
	Headquarters Performance Assessment vs. Expectations		107.5%
General Insurance <i>Zaffino; indirect component of Headquarters</i>	Accident Year Combined Ratio, As Adjusted	94.1%	Above Target
	Underwriting Capital—RBC	460%	Above Target
	Underwriting Capital—Liquidity to Parent	\$1,318 million	Target
	General Insurance Performance Assessment vs. Expectations		107.5%
Investments <i>Dachille; indirect component of Headquarters</i>	Performance relative to Benchmark	+31 bps	Above Target
	Direct GOE for full year(1)	\$386 million	Above Target
	Investments Performance Assessment vs. Expectations		115.0%
Life & Retirement <i>Indirect component of Headquarters</i>	Normalized Return on Adjusted Segment Common Equity	13.6%	Target
	GOE (Net)	\$1,513 million	Below Target
	Capital—RBC	433%	Above Target
	Capital—Liquidity to Parent	\$2,296 million	Above Target
	Life & Retirement Performance Assessment vs. Expectations		102.5%

Source : Company reports (proxy statement). Above Target (101%-150% payout); Target (100% payout); Threshold (50%-99% payout); Below Threshold (0% payout).

Annual incentive compensation is also judged using an individual performance scorecard with a more qualitative assessment of achievements which, when combined with business unit performance, will determine the overall payout.

Long-Term Incentive Share-Based Awards. There were also changes to the structure of long term share awards which are comprised of performance share units or PSUs (50%), stock options (25%), and restricted stock units (25%). PSUs granted as part of the LTI were subject to the following new metrics Relative Tangible BVPS growth (80% weighting), AIG 200 Cumulative run-rate net GOE Savings (20% weighting) and TSR (if in top quartile, payouts increased by 10% and if in bottom quartile, payouts decreased by 10%).

Results for 2018-2020 performance-based shares are in Figure 14.



Figure 23: 2018–2020 Long-term Incentive Awards

Performance Metric	Performance Goal (% Payout)			Actual Performance			Earned Performance (% Target)			Payout (Weighted)
	Threshold (50%)	Target (100%)	Maximum (200%)	FY 2018	FY 2019	FY 2020	FY 2018	FY 2019	FY 2020	
Accident Year Combined Ratio, as Adjusted, including Average Annual Losses	-	-	-	103.9%	100.4%	98.1%	-	-	-	-
Annual Improvement	0.5 pt	1 pt	2 pt	(0.9) pt	3.5 pt	2.3 pt	0%	200%	200%	133%
Core Normalized BVPS	-	-	-	\$48.28	\$56.20	\$63.36	-	-	-	-
Annual Growth	5%	10%	15%	6.7%	16.4%	12.7%	67%	200%	155%	141%
Core Normalized Return on Attributed Common Equity	9%	10%	11%	N/A	N/A	6.3%	N/A	N/A	0%	0%
Combined 2018–2020 Performance Payout:										91%

Source : Company reports (proxy statement).

What's the Incentive? We estimate that, in order to hit its target for 2019-2021 PSUs or the median of the S&P 500 Insurance peer group, AIG's share price would likely have to outperform the median TSR of the peer group by 19% from now until YE20210.



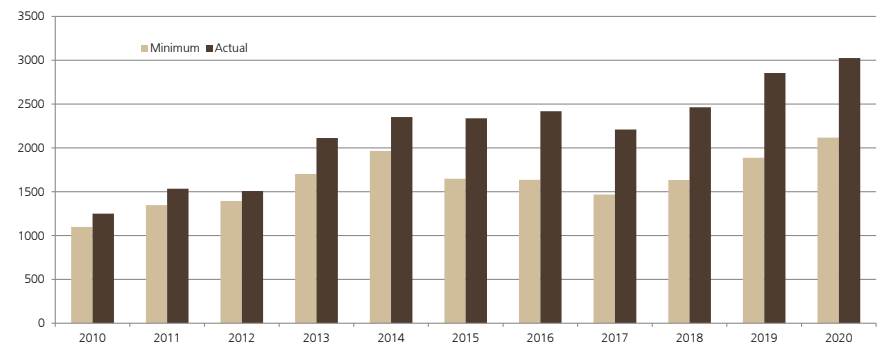
Figure 24: AON Executive Compensation Summary

Name/ Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change in Pension Value	All Other Comp	TOTAL COMP	Equity-Based Awards / Total Comp
Gregory C. Case President & CEO	2020	1,500,000	-	15,880,566	-	2,242,500	-	671,430	20,294,496	78%
	2019	1,500,000	-	13,705,798	-	-	-	802,045	16,007,843	86%
Christa Davies Executive VP & CFO	2020	1,500,000	-	12,694,073	-	1,300,000	-	669,802	16,163,875	79%
	2019	1,000,000	-	6,779,055	-	1,300,000	-	3,164,888	12,243,943	55%
Eric Andersen CO President	2020	975,000	-	5,024,842	-	-	-	1,739,576	7,739,418	65%
	2018	900,000	-	4,375,050	-	1,040,000	-	6,003,119	12,318,169	36%
John Bruno Chief Operations Officer	2020	1,000,000	-	4,358,044	-	975,000	307,284	33,975	6,674,303	65%
	2019	975,000	-	3,261,849	-	-	417,424	47,384	4,701,657	69%
Anthony Goland Chief Innovation Officer	2020	900,000	-	2,944,817	-	650,000	(143,864)	44,355	4,395,308	67%
	2019	950,000	-	3,534,833	-	-	-	30,631	4,515,464	78%
John Bruno Chief Operations Officer	2020	925,000	-	2,741,532	-	-	-	38,086	3,704,618	74%
	2018	900,000	-	2,878,451	-	380,250	-	-	4,158,701	69%

Source : Company report.

Performance-Based Annual Bonus. AON's annual bonuses in 2020 were payable 65% in cash and 35% in restricted stock units. Eligibility for this award year was determined based on adjusted operating income (OI) relative to 70% of the prior year baseline; in this instance, the threshold achievement was \$2,118m. The 2020 adjusted OI was determined at \$3,025m (x/ \$125mm of restructuring savings), representing 100% of the 2019 baseline level and surpassing the minimum level.

Figure 25: Annual Incentive Target



Source : Company reports.

While AON does not provide exact guidelines for how annual comp is allocated between the executives, they do specify that each individual is capped at the lesser of \$10mm or 200% of target annual incentive; this was changed from the 2019 award year where the cap was the lesser of \$10mm of 300% of target annual incentive.

Figure 26: NEO annual incentive compensation targets

NEO	2020 target
Gregory C. Case	\$3,000,000
Christa Davies	\$1,680,000
Eric Andersen	\$1,000,000
John Bruno	\$950,000
Anthony Goland	\$900,000

Source : Company reports.

Historically, 100% of the pool funding was based on adjusted OI; however for the 2021 award year and beyond, 80% of pool funding will be based on adjusted OI while the remaining 20% will be based on quantitative metrics around inclusion & diversity initiatives.



Equity-Based Awards. AON's Leadership Performance Plan (LPP) equity compensation comes in the form of performance shares (PSUs) which vest after three years and settle in a range of 0% to 200% of target value based upon three-year cumulative adjusted EPS targets. AON does not disclose the EPS targets as they are considered commercially sensitive. For the 2018-2020 plan, the awards settled at 155% of target (**Figure 26**).

Figure 27: Payout Ranges for AON's "Leadership Performance Plan"

Payout of Target Award	Three-Year Cumulative Adjusted EPS				
	2018-2020	2017-2019	2016-2018 Plan	2015-2017 Plan	2014-2016 Plan
0%	Less than \$20.68	Less than \$17.16	Less than \$18.28	Less than \$17.44	Less than \$15.11
50%	\$20.68	\$17.16	\$18.28	\$17.44	\$15.11
100%	\$21.47	\$17.95	\$19.01	\$18.14	\$16.11
200%	\$24.71	\$19.76	\$20.72	\$19.76	\$17.31
Growth for 100% payout	19.6%	-5.6%	4.8%	4.0%	16.7%
Actual Cumulative EPS	\$22.36	\$21.41	\$20.31	\$19.20	\$18.29

Source : Company reports. Note: Aon's current definition of adjusted earnings excludes intangible amortization as an expense starting with the 2012-2014 plan.

What's the Incentive? For its annual incentive bonus, AON earned an adjusted OI of ~43% over the minimum threshold and met its target to fund the bonus pool. We view these targets (which are 70% of the prior year adjusted OI) as a relatively low hurdle for executive management to clear. For the "Leadership Performance Plan" (LPP), AON does not disclose its current year performance plan targets based on cumulative adjusted EPS; however for the 2018-2020 performance year, EPS targets increased meaningfully y/y (19.6% vs. -5.6% in prior year).



Arch Capital Group Ltd

Figure 28: AGL Executive Compensation Summary

Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change In Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
Marc J.R. Grandisson <i>CEO, Class III Director</i>	2020	1,000,000	-	3,477,082	1,125,006	2,737,000	-	440,744	8,779,832	52%
	2019	1,000,000	-	3,614,402	1,125,114	3,176,000	-	444,513	9,360,029	51%
	2018	982,576	-	2,828,662	5,500,589	3,121,000	-	451,360	12,884,187	65%
Francois Morin <i>EVP, Treasurer & CFO</i>	2020	625,000	-	965,844	624,700	1,425,000	-	285,260	3,925,804	41%
	2019	625,000	-	1,003,998	312,532	1,561,000	-	282,755	3,785,285	35%
	2018	563,406	-	1,299,874	458,462	1,309,000	-	271,642	3,902,384	45%
Nikolas Papadopoulos <i>CEO, Arch Worldwide Insurance</i>	2020	750,000	-	1,159,012	374,999	1,419,000	-	399,517	4,102,528	37%
	2019	750,000	-	1,204,824	375,035	1,544,000	-	382,650	4,256,509	37%
	2018	750,000	-	942,861	333,535	1,666,000	-	392,117	4,084,513	31%
Masoun Rajeh <i>Chairman and CEO, Arch Reinsurance</i>	2020	650,000	589,856	1,004,477	325,002	1,165,144	-	588,785	4,323,264	31%
	2019	650,000	916,827	1,044,163	325,031	1,247,182	-	531,746	4,714,949	29%
	2018	650,000	474,000	817,192	289,076	1,031,000	-	528,502	3,789,770	29%
David E. Ganzberg <i>CEO, Global Mortgage</i>	2020	650,000	213,200	1,004,477	325,002	1,223,800	-	72,016	3,488,495	38%
	2019	631,792	368,402	859,035	200,812	1,255,176	-	67,644	3,382,861	31%

Source : Company reports (proxy statement).

Annual Incentive Compensation. For its short term incentive program, the company uses a combination of financial performance metrics (70%) at both the company level and the segment level to determine what each executive will earn, as well as more qualitative strategic criteria (30%). The program is designed to look back at the last ten underwriting years in order to evaluate performance and determine the payout. One measure that is included in financial metrics is an ROE target which AGL publishes annually. For 2020 the target ROE decreased from 12% to 10%, likely reflecting some of the headwinds AGL expected from the pandemic.

Figure 29: ROE targets for the 2020 underwriting year

	Threshold	Target	Maximum
ROE scale for 2020 underwriting year	8%	10%	15%
Payout as % of target	20%	100%	200%
Level of Goal Achievement Required: Group Level	85%	100%	115%
Level of Goal Achievement Required: Unit Level	50%	100%	150%

Source : Company reports.

Long Term Incentive Plan. AGL awards long-term compensation through a mix of performance-based shares (55%), time based RSUs (20%), and stock options (25%), all of which vest over a three year period.

PSU payouts are determined by growth in tangible book value per share (TBVPS) over the performance period as outlined below (Figure 26). The ultimate % of shares that will vest is determined by a TSR multiplier, where a TSR greater than/equal to the 65th percentile of the peer group will increase earned awards by up to 25%, while a TSR that is less than/equal to the 35th percentile of the peer group will decrease earned awards by up to 25%. For 2020 the target TBVPS growth decreased modestly from 12% to 11%.

Figure 30: TBVPS growth target for 2020-2022 performance period

	Threshold	Target	Maximum
Growth in TBVPS	6%	11%	16%
Shares earned as % of target	50%	100%	200%

Source : Company reports.

What's the Incentive? For 2020, AGL's growth in TBVPS was ~16.4%. In order to meet the target 11% annualized growth over the three year performance period, it must grow at an annualized rate of at least ~8.3% over the next two years (not taking into account any modifier applied as a result of the TSR).



Assurant Inc.

Figure 31: AIZ Executive Compensation Summary

Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change In Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
Alan Colberg <i>President and CEO</i>	2020	1,192,692	-	7,326,852	-	2,169,600	574,018	592,804	11,855,966	62%
	2019	1,008,846	-	6,325,137	-	1,632,160	689,937	499,602	10,155,682	62%
	2018	979,039	-	10,498,984	-	1,738,773	-	400,150	13,616,946	77%
Richard Dziadzio <i>EVP and CFO</i>	2020	679,231	-	1,985,638	-	768,400	-	236,703	3,669,972	54%
	2019	659,250	-	1,994,158	-	666,600	-	206,160	3,526,168	57%
	2018	639,904	-	4,217,599	-	710,293	-	134,584	5,702,380	74%
Gene Mergelmeyer <i>EVP and COO</i>	2020	733,673	-	2,339,859	-	1,037,481	1,242,517	296,032	5,649,562	41%
	2019	712,192	-	2,350,060	-	900,163	1,716,576	270,198	5,949,189	40%
	2018	691,346	-	2,708,392	-	959,243	-	250,927	4,609,908	59%
Kath Demmings <i>EVP and President, Global Lifestyle</i>	2020	544,423	-	1,302,140	-	615,850	-	144,213	2,606,626	50%
	2019	528,736	-	1,957,100	-	428,240	-	102,701	3,016,777	65%
	2018	-	-	-	-	-	-	-	-	-
Francesca Luth <i>EVP and Chief Administrative Officer</i>	2020	494,808	-	1,401,953	-	562,221	-	104,136	2,563,118	55%
	2019	-	-	-	-	-	-	-	-	-
	2018	-	-	-	-	-	-	-	-	-

Source : Company reports (proxy statement).

Annual Incentive Compensation. AIZ determines its annual bonus compensation payout based on two metrics, both of which are measured at the enterprise level: 60% in net operating income x/ reportable catastrophes, and the remaining 40% in consolidated revenue. These measures are used to determine the appropriate multiplier that will be applied to each executive's target annual incentive. The 2020 metrics and corresponding multipliers are in **Figure 31**. Aggregate compensation through the short-term incentive program cannot exceed 5% of AIZ's adjusted net income. For 2021, the company preannounced that the performance metrics will exclude the Company's Global Preeened business and be adjusted to exclude the net effects of any material changes in tax laws or regulations during the performance year.

Figure 32: AIZ annual incentive metrics

Weighting	Metric	-	0.5	0.9	1.0	1.1	1.5	2.0	2020 Results	2020 Multiplier
60%	Enterprise NOI (x/ reportable catastrophes)	\$532	\$570	\$614	\$633	\$652	\$696	\$734	\$664	1.13
40%	Enterprise Revenue	\$7,991	\$8,561	\$9,037	\$9,513	\$9,988	\$10,464	\$11,035	\$9,524	

Source : Company reports (proxy statement).

Long Term Equity Incentives. AIZ awards long-term incentive comp in RSUs (25%) and PSUS (75%). PSU performance is determined by two equally-weighted metrics measured over 3 years: (1) absolute NOI EPS (x/ reportable cats) and (2) TSR relative to the S&P 500. This is unchanged from 2019 but the company has pre-announced that for 2021, the absolute NOI EPS (x/ reportable catastrophes) metric will be adjusted to exclude (a) the expected contributions to the performance goals associated with the Company's Global Preeened business and (b) the net effects of material changes in tax laws or regulations during the performance period. For relative TSR, threshold is achieved at a 25th percentile, target at the 50th percentile, and maximum payout or 200% of target achieved at or above the 90th percentile.

What's the Incentive? The 2020 target for AIZ's annual incentive was set approx 10% above the prior year actual results. If the same threshold were used this year- excluding preened results- this would suggest an NOI x/ cat target of \$665m. We are currently forecasting an NOI x/ cat just below this of \$655mm, meaning that in order to achieve a 1.0x multiplier for annual incentive comp, management will have to hit a slightly higher hurdle rate than what they are currently guiding to for 2021.



Assured Guaranty Ltd

Figure 33: AGO Executive Compensation Summary

Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change In Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
Dominic John Frederico <i>President & CEO</i>	2020	1,250,000	-	5,964,855	-	2,979,625	-	682,044	10,876,524	55%
	2019	1,250,000	-	6,424,343	-	3,727,000	-	752,127	12,153,470	53%
Robert Adam Ballenson <i>Chief Financial Officer</i>	2020	800,000	-	6,865,967	-	3,812,000	-	843,935	12,771,902	54%
	2019	700,000	-	1,325,546	-	1,669,360	-	367,904	4,162,810	32%
Ling Chow <i>General Counsel</i>	2020	550,000	-	1,016,267	-	1,481,135	-	264,960	3,312,362	31%
	2019	525,000	-	1,070,695	-	1,769,140	-	236,317	3,601,152	30%
Russell Brewer II <i>Chief Surveillance Officer</i>	2020	525,000	-	1,275,345	-	1,631,350	-	195,344	3,602,039	35%
	2019	525,000	-	1,016,267	-	1,286,093	-	268,315	3,095,675	33%
David Buzen <i>Chief Investment Officer</i>	2020	612,500	-	1,313,465	-	1,548,015	-	284,043	3,534,834	33%
	2018	525,000	-	1,313,465	-	1,583,715	-	286,076	3,708,256	35%
2020	612,500	-	662,752	-	1,306,585	-	235,131	2,816,968	24%	

Source : Company reports (proxy statement).

Annual Cash Incentive Bonuses. The annual cash incentive is determined by a formulaic approach which is weighted 67% towards pre-determined financial performance goals and the remaining 33% towards non-financial objectives (total of 5). The performance objectives versus actual results for 2019 and 2020 are as follows:

Figure 34: 2020 Annual Cash Incentive Performance Goals

Performance Goals	2020 Targets	2020 Actual	2019 Targets	2019 Actual
PVP	\$373mm	\$390mm	\$325mm	\$463mm
Operating Earnings per Diluted Share	\$3.55	\$3.11	\$3.30	\$3.91
Operating Shareholder's Equity per Share	\$69.56	\$78.46	\$66.84	\$66.89
Operating ROE	5.5%	4.4%	5.5%	6.2%
Core Adjusted BVPS	\$101.12	\$114.97	\$94.91	\$96.91
Gross Third-Party Assets Raised	\$3.4bb	\$1.6bb	N/A	N/A

Source : Company reports (proxy statement).

The compensation committee added 'gross third-party assets raised' to the financial performance targets in 2020, prior to the onset of the COVID-19 pandemic totaling it to 6 financial performance targets and 5 non-GAAP financial measures.

In 2018, the compensation committee introduced negative discretion, allowing the % achievement score to be reduced in the event that performance goals are set lower than actual results the year prior. The committee exercised negative discretion in 2018 and 2019 but did not exercise it in 2020 despite 2020 PVP being below the 2019 actual PVP including the PVP from the SGI reinsurance transaction. This was because 2020 actual PVP beat 2020 target PVP and 2019 PVP when the SGI reinsurance transaction was excluded.

Long-Term Equity Incentive Awards. AGO's long term incentive program is comprised of 60% PSUs and 40% RSUs. Of the PSUs, 50% are held PSUs tied to adjusted book value (ABV PSUs) measuring aggregate growth over a 3-year timeframe, and the remaining 50% are tied to TSR percentile relative to the Russell Mid-Cap Financial Services Index (TSR PSUs). Criteria used to determine PSU payouts are listed in Figure 27.

Figure 35: AGO performance-based share metrics

Performance Goals	Threshold	Target	Maximum
Adjusted Book Value	12%	15%	18%
<i>Shares Earned</i>	50%	100%	200%
Relative TSR	25th percentile	55th percentile	95th percentile
<i>Shares Earned</i>	50%	100%	200%

Source : Company reports (proxy statement).

What's the Incentive? In order for ABV PSUs to vest, AGO would need to have a core adjusted book value (ABV) of \$132.21 by 2023, up from the Dec 31, 2020 ABV \$114.97



indicated in the proxy.



Athene (ATH)

Figure 36: ATH Executive Compensation Summary

Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change In Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
James R. Belardi	2020	705,000	-	2,857,411	625,008	-	-	247,196	4,434,615	79%
<i>Chairman, CEO and CIO</i>	2019	680,000	-	2,702,739	625,000	-	-	246,842	4,254,581	78%
	2018	863,750	-	2,716,318	625,002	-	-	70,239	4,275,309	78%
William J. Wheeler	2020	1,275,000	-	1,500,049	7,450,002	1,752,188	-	19,296	11,996,535	75%
<i>President</i>	2019	1,250,000	-	1,398,053	500,006	1,752,188	-	18,642	4,918,889	39%
	2018	1,250,000	-	1,066,406	375,003	1,700,000	-	50,062	4,441,471	32%
Grant Kvalheim	2020	750,000	-	1,312,593	1,235,373	1,650,000	-	109,624	5,057,590	50%
<i>EVP Athene, CEO Athene USA Corp</i>	2019	750,000	-	1,223,289	437,509	1,550,000	-	115,173	4,075,971	41%
	2018	750,000	-	604,307	212,505	1,460,000	-	147,627	3,174,439	26%
Martin P. Klein	2020	650,000	-	1,275,062	1,126,138	1,359,475	-	96,799	4,507,474	53%
<i>EVP & CFO</i>	2019	650,000	-	1,188,352	425,006	1,359,475	-	120,205	3,743,038	43%
	2018	625,000	-	710,912	250,008	1,116,300	-	118,168	2,820,388	34%
John L. Golden	2020	475,000	-	675,062	225,002	690,000	-	17,100	2,082,164	43%
<i>EVP and General Counsel</i>	2019									
	2018									
John M. Rhodes	2020	500,000	750,000	487,506	458,506	-	-	73,892	2,269,904	42%
<i>Fmr. EVP and Chief Risk Officer</i>	2019	500,000	-	417,307	162,504	787,500	-	61,211	1,928,522	30%
	2018	500,000	-	426,574	150,003	750,000	-	142,668	1,969,245	29%

Source : Company reports (proxy statement).

Annual Incentive Compensation.

ATH grants annual cash incentive awards to its NEOs based on the achievement of financial, operational and personal objectives. The annual incentive award payout for each NEO is subject to a personal performance modifier that allows for an adjustment in payout based on a holistic assessment of each NEO's individual performance. The targets for the corporate financial and operational measures were determined in relation to ATH's internal business plan for the year and were set prior to the full onset of the COVID-19 global pandemic. Despite the challenging environment caused by the pandemic, ATH did not make any adjustments to any of the corporate performance measurements or targets. ATH's business performed strongly in 2020. Except for certain supplemental cash bonus awards, the compensation committee did not make any adjustments to the executive compensation program as a result of the impact of the COVID-19 pandemic. The merger agreement with AGM has covenants including restrictions on increasing compensation or benefits to directors and senior officers before the merger transaction.

Figure 37: ATH annual incentive metrics

Metric	Weight	Target	2020 Perf.	Payout
Adj. op. income	35%	\$1.440b	\$1.283b	64%
Expense targets	15%	-	Exceeded	129%
Organic deposits	10%	\$14-17b	\$26.852b	150%
Underwritten IRR	15%	-	Exceeded	150%
Excess equity capital generation	25%	-	Exceeded	150%

Source : Company reports (proxy statement).

Based on ATH's 2020 performance with respect to these five objectives, the payout level was 117% of the corporate target opportunity. Total amounts of awards were also based on the assessment of individual performance factors.

Long Term Equity Incentives. The 2020 long-term incentive awards to executive officers were comprised of 50% performance-based restricted share units (RSUs), 25% time-based RSUs and 25% time-based stock options, determined based on target grant date value. The form and annual amount of the long-term incentive awards are determined by the compensation committee with input from Willis Towers Watson. The performance-based RSUs included in ATH's 2020 long-term incentive award program vest and are payable following the three-year performance period (2020-2022) only if they achieve specified goals based on three equally weighted performance metrics: average annual adjusted return on equity, cumulative adjusted operating income, and adjusted book value per share for the three-year performance period.

What's the Incentive? ATH's performance goals for long-term incentives were a targeted 3-yr average ROE of 15% (min 12.5%), and 3-yr cumulative adj. op. income of \$4.3b (min 3.3b). For the 2018-2020 period, ATH achieved 13.04% and \$3.67b of op.



income on this basis, driving a 65% vesting result for the program. Supplemental cash awards were granted to all continuing NEOs due to the diminished retentive and incentive elements associated with the current long-term incentive program. ATH is expected to merge with APO in 1Q21. Change in control and/or termination-driven equity benefits exist for retirement, death, disability, or termination without cause (or by the NEO reason) n 18 months following a change in control. We note there are no benefits for solely a change in control.



Axis Capital Holdings Ltd

Figure 38: AXS Executive Compensation Summary

Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change in Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
Albert A. Benschmol President & CEO	2020	1,100,000	77,000	4,999,976	-	385,000	-	703,638	7,265,614	69%
	2019	1,100,000	-	6,749,980	-	700,700	-	894,145	9,444,825	71%
	2018	1,100,000	-	4,624,945	-	1,345,575	-	837,966	7,908,486	58%
Peter Vogt Chief Financial Officer	2020	600,000	33,120	849,974	-	331,200	-	67,875	1,882,169	45%
	2019	600,000	-	949,920	-	518,880	-	74,210	2,143,010	44%
	2018	550,000	-	813,236	-	540,100	-	166,375	2,069,711	39%
Steve Arora CEO, AXS Reinsurance	2020	900,000	57,713	1,189,914	-	384,750	-	533,181	3,065,558	39%
	2019	900,000	-	1,399,992	-	348,750	-	520,040	3,168,782	44%
	2018	900,000	2,125,000	3,412,982	-	-	-	560,281	6,998,263	49%
David Phillips Chief Investment Officer	2020	600,000	26,100	679,880	-	402,750	-	60,000	1,768,730	38%
	2019	600,000	-	719,962	-	590,625	-	66,210	1,976,797	36%
	2018	575,000	-	1,252,415	-	761,516	-	63,700	2,652,631	47%
Peter W Wilson CEO, AXS Insurance	2020	900,000	50,625	849,974	-	337,500	-	90,000	2,228,099	38%
	2019	900,000	-	999,916	-	543,938	-	90,000	2,533,854	39%
	2018	900,000	-	1,327,412	-	735,000	-	96,656	3,059,068	43%

Source : Company reports.

Annual Incentive Plan. After making several changes to its annual cash incentive program in 2019 following negative feedback from its shareholders at the prior year's proxy meeting, AXS has had >90% approval on say on pay in both 2020 and 2021 annual meetings. One of the prominent changes beginning in the 2020 award year is an increase the weighting of financial metrics- primarily operating return on equity ("OROACE")- from 70% to 75% for the CEO. For 2020, AXS kept its OROACE target unchanged at 10%.

Figure 39: AXS annual incentive OROACE metrics

	OROACE Achievement	Multiplier
Maximum	15%	200%
Target	10%	100%
Threshold	5%	50%

Source : Company reports.

Long-Term Equity Compensation. Last year AXS made several changes to its long-term incentive program, including increasing the composition of awards for the CEO to 60% PSU/ 40% RSU (from 50/50 before), and introducing a TSR "governor" for TSR PSUs which caps earnings if absolute TSR is negative. This year, the payout range was widened to 0% to 200% (vs 75% to 125% prior), and the percentile needed for maximum vesting of PSUs was increased from the 80th to 85th percentile. The performance metrics for 2020 are below in Figure 30.

Figure 40: AXS 2020 performance-based share metrics

	Achievement	Multiplier
Maximum	>85th	200%
Target	55th	100%
Threshold	25th	50%
Minimum	<25th	0%

Source : Company reports.

What's the Incentive? For 2020, AXS's OROACE target was unchanged at 10%; however the company earned a -3.7% OROACE and therefore there was no payout for any executives under this part of the compensation program. Overall, payout factors ranged from 30% (for the CEO) to 72% (for the CIO).



Chubb Limited

Figure 41: CB Executive Compensation Summary

Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change In Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
Evan G. Greenberg Chairman, President & CEO	2020	1,400,000	5,700,000	10,125,070	1,917,286	-	-	1,185,811	20,328,167	59%
	2019	1,400,000	6,700,000	9,225,174	1,881,925	-	-	1,267,971	20,475,070	54%
Philip V. Bancroft Chief Financial Officer	2020	1,400,000	6,100,000	8,849,881	2,761,129	-	-	1,246,474	20,357,484	57%
	2019	865,000	1,342,400	1,811,377	342,996	-	-	650,342	5,012,115	43%
John W. Keogh President and COO	2020	843,000	1,461,000	1,751,412	357,264	-	-	664,843	5,077,519	42%
	2018	818,000	1,363,300	1,687,511	526,473	-	-	644,591	5,039,875	44%
Paul J. Krump Vice Chairman, Global Underwriting & Claims	2020	1,032,692	2,460,400	3,900,158	738,503	-	-	496,027	8,627,780	54%
	2019	975,000	2,802,000	3,207,976	654,389	-	-	465,666	8,105,031	48%
John J. Lupica Vice Chairman & Pres., NA Major Accs	2020	963,462	2,505,000	3,001,466	936,436	-	-	452,934	7,859,298	50%
	2018	895,385	1,567,500	2,137,566	404,760	-	1,034,364	399,314	6,438,889	39%
John J. Lupica Vice Chairman & Pres., NA Major Accs	2020	876,538	1,900,000	2,282,995	363,698	-	2,151,740	63,146	7,638,117	35%
	2018	859,231	1,743,000	1,690,505	527,410	-	1,310,110	73,054	6,203,310	36%
John J. Lupica Vice Chairman & Pres., NA Major Accs	2020	895,385	2,219,700	2,647,640	501,340	-	-	458,315	6,722,380	47%
	2019	876,538	2,212,700	2,687,775	497,272	-	-	417,140	6,691,425	48%
	2018	854,615	1,913,400	2,297,704	716,874	-	-	425,751	6,208,344	49%

Source : Company reports (proxy statement).

Annual Cash Bonus. Annual cash bonuses are awarded based on both individual performance criteria as well as at the company level using the following metrics: growth in tangible BVPS, operating ROE, operating income, and P&C combined ratio (Figure 32). These metrics are measured against peers, prior-year performance, and company plan.

Figure 42: 2020 Performance Key Metrics

	2019 Results	2020 Results	Δ	Comments
Tangible BVPS growth	18.6%	12.2%	(6.4%)	Above plan, below peers
Core operating ROE	9.0%	6.2%	(2.8%)	Below plan and peers
Core operating income	\$4.6B	\$3.3B	(28.3%)	Below plan and peers
P&C combined ratio	90.6%	96.1%	-	Below plan, above peers
Total shareholder return	1 yr: 22.9%	1 yr: 1.4%	1 yr: (21.5%)	
	3 yr: 7.8%	3 yr: 4.1%	3 yr: (3.7%)	

Source : Company reports (proxy statement).

Overall metrics were below plan, peers, and prior year except combined ratio (above peers) and TVBPS growth (above plan) due to the impact of Covid-19 and other catastrophe losses and reserve adjustments.

Long-Term Incentive Equity Awards. LTIP awards consist of 25% in stock options, and the remainder split between time based/performance based restricted shares - 75% for the CEO, 66% for the Chairman and EVP, and 60% for all others. Starting for awards granted beginning February 2021, the performance criteria are applied to 100% of this portion of the equity award to each of the CEO, COO and President for North America Insurance; and 75% of the stock awards granted to the other NEOs and designated executives. For 2020, PSUs cliff vest after three years and are subject to two criteria: TBVPS growth and P&C combined ratio, weighted at 70% and 30%. They are also subject to a TSR modifier; to receive the full value of premium awards (delineated in Figure 36 below) relative TSR must meet or exceed the 55th percentile.

Figure 43: CB performance share metrics

	Percentile (both TBVPS growth and CR)	TSR	Award Modifier	
Premium Award	Maximum Premium	≥ 75th	≥ 50th	100%
	Premium	50th - 75th	< 55th	77%
	Target	50th	N/A	0-77%
	No Award	< 50th	N/A	0%
Target Award	Target	50th	N/A	100%
	Threshold	25th - 50th	N/A	50-100%
	No Award	< 25th	N/A	0%

Source : Company reports (proxy statement).

What's the Incentive? CB's peer group for relative financial performance is ALL, AIG, CNA, HIG, TRV, and ZURN. For the 2019 - 2021 LTIP performance based restricted stock, CB is comfortably above the 50% percentile target for combined ratio versus peers (better than all of its peer group except ALL) and only modestly above the 50% percentile target for TBVPS growth through the most recent quarter (1Q21).



Equitable Holdings (EQH)

Figure 44: EQH Executive Compensation Summary

Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change in Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
Pearson, Mark <i>President & CEO</i>	2020	1,297,845	-	6,000,056	2,000,000	3,000,000	2,141,979	435,074	14,874,954	54%
	2019	1,250,114	-	4,125,032	1,375,001	3,000,000	1,116,191	387,785	11,254,123	49%
	2018	1,250,114	-	6,587,516	962,503	2,911,651	-	426,779	12,138,563	62%
Malmström, Anders <i>Sr. EVP and CFO</i>	2020	776,755	-	1,612,548	537,501	1,270,500	750,862	172,348	5,120,514	42%
	2019	741,849	-	1,350,018	450,004	1,385,000	495,466	165,535	4,587,872	39%
	2018	688,915	-	2,605,048	375,000	1,299,600	114,890	186,171	5,269,624	57%
Hurd, Jeffrey <i>Sr. EVP and COO</i>	2020	933,288	-	1,500,055	500,002	1,732,500	450,605	243,176	5,359,626	37%
	2019	899,059	-	1,350,018	450,004	2,115,000	277,471	238,086	5,329,638	34%
	2018	864,480	300,000	2,090,031	450,001	2,080,000	-	91,439	5,875,951	43%
Lane, Nick <i>Sr. EVP and Head of Life, Ret., Wealth</i>	2020	932,106	-	1,500,055	500,002	1,212,750	762,287	318,151	5,225,351	38%
	2019	797,468	-	2,165,020	475,002	1,470,000	51,162	351,956	5,310,608	50%
	2018	-	-	-	-	-	-	-	-	-
Bernstein, Seth <i>Sr. EVP and Head of Investment Mgmt & Reser</i>	2020	500,000	4,015,000	4,585,051	250,003	-	-	52,509	9,402,563	51%
	2019	500,000	3,850,000	4,750,026	250,004	-	-	94,859	9,444,889	53%
	2018	500,000	3,500,000	4,740,000	-	-	-	52,509	8,792,509	54%

Source : Company reports (proxy statement).

Annual Incentive Compensation.

Based on its review of the 2019 short-term (annual) incentive program in February 2020, EQH elected to retain the same performance objectives and relative weightings for the 2020 program: non-GAAP operating earnings 50%, premiums and flows 25%, strategic initiatives 25%. Individual awards are determined by multiplying each person's award target by the final funding percentage, and the by individual assessment percentage. The initial funding percentage for 2020 was 92%, outlined below. The final funding percentage was adjusted for impacts from actuarial assumption updates within EQH's ongoing businesses, which would have resulted in a 27 percentage point increase to the funding percentage, but the compensation committee decided to limit the increase to 13 percentage points. This drove a final funding percentage of 105% for 2020.

Figure 45: EQH annual incentive metrics

Metric	Floor	Target	Cap	Weight	Actual	Contrib. to funding %
Non-GAAP Operating Earnings	1,820	2,275	2,730	50%	2,302	53%
Premiums and Flows						
QAB Annualized Fee Base	41	48	55	5%	-8	0%
Individual Retirement	2,859	3,363	3,867	8.75%	2,156	0%
Group Retirement	238	280	322	5%	296	7%
Protection Solutions	230	270	311	5%	221	0%
Advisors B/D	2,946	3,466	3,986	1%	3,671	2%
Strategic Initiatives	N/A	goals met	N/A	25%	goals met	30%

Source : Company reports (proxy statement).

Long Term Equity Incentives. In February 2020, the Compensation Committee reviewed the equity vehicles granted under the 2019 Equity Program and their related terms and conditions and elected to keep them the same for the 2020 Equity Program. The equity-based awards granted under the 2020 Equity Program consisted of a mix of equity vehicles including both "full value" (restricted stock units and performance shares) and "appreciation only" (stock options) vehicles. All vehicles contain vesting requirements related to service and the performance shares also require the satisfaction of certain performance criteria related to corporate performance to obtain a payout. EQH RSUs are 25%, EQH stock options 25%, and EQH performance shares are 50%.

What's the Incentive? The performance-based component of the equity award program is based on avg. adjusted ROE and total shareholder return over a 3-year period. The target for the 2020 ROE performance component was 18.5%, with a threshold of 13.875%. Adjusted ROE came in at 17.3%, at the upper end of the mid-teens target; consensus forecasts are for a 3-yr average ROE of 25% through 2022, roughly in line with UBSe. This is well above the target; EQH's 403b and Investment Management businesses are capital-light, but the denominator for forward GAAP equity projections is also skewed by changes in the value of VA hedging instruments.





Everest Re Group Ltd

Figure 46: RE Executive Compensation Summary

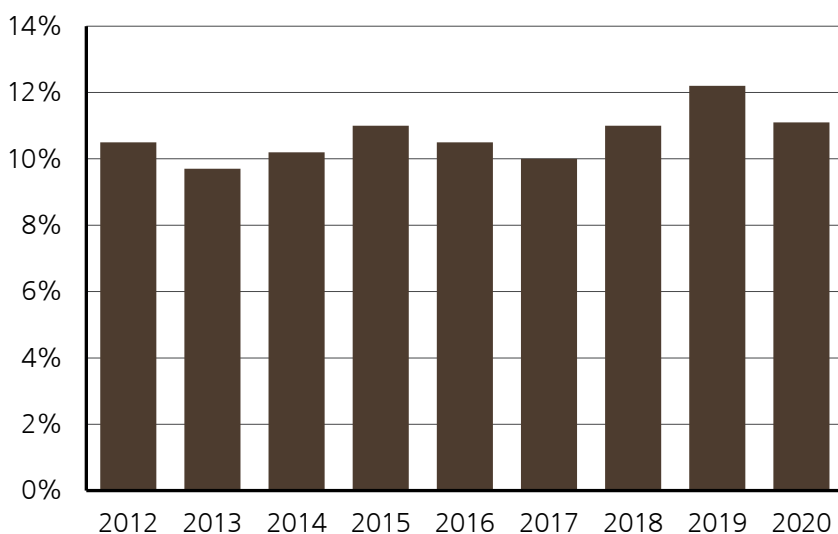
Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change in Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
Juan C. Andrade CEO and President	2020	1,298,077	-	3,752,544	-	2,500,000	-	512,591	8,063,212	47%
	2018	-	-	-	-	-	-	-	-	-
John Doucette Executive VP & CEO Reinsurance	2020	908,654	-	1,313,668	-	820,000	454,247	217,281	3,713,850	35%
	2019	853,461	-	2,381,331	-	920,000	478,661	150,659	4,784,112	50%
	2018	823,077	-	1,106,511	-	400,000	(78,346)	169,933	2,421,175	46%
Craig Howie EVP, CFO	2020	587,957	-	685,934	-	350,000	-	140,279	1,764,170	39%
	2019	556,000	-	672,584	-	500,000	-	117,025	1,845,609	36%
	2018	555,154	-	672,633	-	250,000	-	128,738	1,606,525	42%
Mark Koclandic EVP and CFO	2020	201,923	-	5,000,048	-	500,000	-	89,743	5,791,714	86%
	2018	-	-	-	-	-	-	-	-	-
Sanjoy Mukherjee SVP, President, GC	2020	632,307	-	796,792	-	700,000	724,858	138,885	2,992,842	27%
	2019	593,268	-	1,520,655	-	625,000	376,429	248,415	3,363,767	45%
	2018	558,038	-	690,812	-	400,000	(67,805)	252,153	1,833,198	38%
Jonathan Zaffino EVP, CEO-Everest Insurance	2020	441,538	-	1,201,424	-	-	-	139,671	1,782,633	67%
	2019	686,923	-	1,891,577	-	1,082,000	-	141,436	3,801,936	50%
	2018	573,077	-	722,322	-	550,000	-	110,003	1,955,402	37%

Source : Company reports.

Annual Cash Bonus. NEOS participate in the Executive Performance Annual Incentive Plan, which is a shareholder-approved bonus plan. The total amount of annual awards in any one year may not exceed 10% of the company's average annual pretax income for the preceding five years. The CEO and all other NEOs are limited to a \$3.5mm cap, and other NEOs are additionally limited to receiving no more than 200% of base salary.

Under this plan, 50-70% of bonus potential is tied to the Company's operating ROE, and the remaining 30-50% is tied to individual non-financial goals established for each participant. The adjusted ROE the company uses for this metric is based on normalized cat activity.

Figure 47: Operating ROE at Midpoint of NEO Cash Bonus Grid



Source : Company reports.

Long-Term Incentive Compensation. Long-term compensation may take the form of share options, share appreciation rights, restricted shares, or share awards. RE's performance based equity awards can be earned over a three-year period and give the NEO the right to receive up to 1.75 shares upon settlement at the end of the performance period. The earn-out of PSUs are based upon two evenly weighted metrics: (1) annual operating ROE; and, (2) relative cumulative BVPS growth.



Figure 48: 2020 Performance Share Unit Structure

Performance Level	50% Operating ROE		50% Relative BVPS Growth	
	Performance	Mutiplier	Performance	Mutiplier
Maximum	<4.1%	0%	<26th percentile	0%
Target	4.1%	25%	26th percentile	25%
Threshold	11.1%	100%	Median	100%
Below Threshold	≥16.1%	175%	≥75th percentile	175%

Source : Company reports.

What's the Incentive? For 2020, the ROE target was set at 11.1% (vs 12.2% in prior year) and RE achieved 75% of target at 8.4%. Our forecast for unadjusted ROE in 2021 is 10.7% (no Covid-19 losses included), meaning that RE would not meet its target ROE if metrics remained unchanged for the next compensation cycle. Moreover, given the company's guidance of greater than 13% total shareholder return by 2023, we would expect incentive compensation ROE target to rise in coming years.



Hartford Financial Services

Figure 49: HIG Executive Compensation Summary

Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change in Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
Christopher J. Swift CEO	2020	1,150,000	-	3,740,850	4,250,000	2,400,000	33,824	231,521	11,806,195	68%
	2019	1,150,000	-	4,551,525	4,125,000	4,440,000	48,198	246,025	14,560,748	60%
	2018	1,137,500	-	3,736,000	4,000,000	4,800,000	-	210,115	13,883,615	56%
Beth Costello EVP, CFO	2020	725,000	-	814,185	925,000	1,000,000	42,587	65,700	3,572,472	49%
	2019	725,000	-	979,268	887,500	1,850,000	56,823	68,800	4,567,391	41%
Douglas Elliot President	2020	718,750	-	828,925	887,500	1,925,000	-	65,500	4,425,675	39%
	2020	950,000	-	2,336,931	2,655,000	1,520,000	14,901	65,700	7,542,532	66%
	2019	950,000	-	2,841,255	2,575,000	2,812,000	21,419	133,175	9,332,849	58%
William Bloom EVP, Operations	2020	943,750	-	2,335,000	2,500,000	3,050,000	-	170,363	8,999,113	54%
	2020	625,000	-	572,130	650,000	800,000	21,488	65,700	2,734,318	45%
	2019	612,500	-	689,625	625,000	1,500,000	27,131	65,600	3,519,856	37%
David Robinson EVP, General Counsel	2020	568,750	-	513,700	550,000	1,550,000	-	68,281	3,250,731	33%
	2020	593,750	-	572,130	650,000	580,000	25,565	54,350	2,475,795	49%
	2019	-	-	-	-	-	-	-	-	-
Bron Johnson Former EVP, CIO	2020	600,000	-	770,175	875,000	1,000,000	3,388	65,700	3,314,263	50%
	2019	593,750	-	965,475	875,000	1,890,000	8,346	65,600	4,398,171	42%
	2018	562,500	-	747,200	800,000	2,250,000	-	65,500	4,425,200	35%

Source : Company reports (proxy statement).

Annual Cash Incentive Bonuses. HIG maintained its program structure this year after making some changes based on shareholder feedback received in 2019. For 2020, no adjustments to compensation targets were made mid-year from their original outlook set before the pandemic even as the company cited the negative impact of the pandemic on their business and financial results. The 2020 actual core earnings were \$1.77bb, which was below target of \$1,88bb; HIG cited the drag from COVID-19 on all segments and particularly Group Benefits as well as higher catastrophe losses in Personal Lines.

Figure 50: Annual Incentive Plan Core Earnings Targets

	Threshold	Target	Maximum	Actual	Actual Payout	Average Equity	Implied Target ROE	Implied Actual ROE
2016	1,396	1,642	1,889	1,496	70%	17,960	9.1%	8.3%
2017	1,188	1,398	1,608	1,572	170%	17,269	8.1%	9.1%
2018	1,354	1,593	1,832	1,842	160%	14,045	11.3%	13.1%
2019	1,522	1,790	2,059	1,954	148%	15,503	11.5%	12.6%
2020	1,504	1,880	2,256	1,770	80%	17,157	11.0%	10.3%
Payout	35%	100%	200%					

Source : Company reports (proxy statements). Implied ROE based upon core earnings target and estimated average equity x/ AOCI. Estimated equity = beginning shareholders' equity + (Target Core Earnings – actual dividends paid – actual share repurchase)/2.

Long-Term Incentive Share-Based Awards. For 2020, the mix of LTIP awards remained unchanged with 50% of the award in stock options (which vest ratably over three years with a 10-year term) and 50% in performance shares (settled in common stock). Performance shares payouts are split evenly between two metrics: compensation core ROE, and TSR relative to HIG's chosen peer group. For 2020 PSUS awards, following review of compensation program philosophy, the TSR curve was revised to a 55th percentile for target payout. Although not a factor this year there will be a change in the 2021 program to include a performance share modifier tied to the company's diversity and workforce representation goals.

Figure 51: 2020-2022 Performance Share Metrics

	Threshold	Target	Maximum
Compensation Core ROE	9.0%	11.3%	13.6%
Peer-relative TSR	30th percentile	55th percentile	85th percentile
Payout	35%	100%	200%

Source : Company reports (proxy statements).

What's the Incentive? HIG earned a compensation core ROE of 13.9% in 2019 and 11.0% in 2020. In order for 2019-2021 and 2020-2022 ROE PSUs to fully vest, HIG must earn at least a ~11.5% ROE in 2021 and 2022.



Lincoln (LNC)

Figure 52: LNC Executive Compensation Summary

Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change In Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
Dennis R. Glass <i>President & CEO</i>	2020	1,360,000	-	6,895,349	2,854,427	2,196,264	254,476	740,306	14,300,822	68%
	2019	1,358,846	-	8,073,244	1,617,557	3,207,288	330,414	824,868	15,412,217	63%
Randal J. Freitag <i>EVP & CFO</i>	2020	1,299,000	-	7,914,233	1,538,506	3,187,600	85,422	397,734	14,422,495	66%
	2019	821,686	-	1,675,006	693,370	846,825	48,570	324,825	4,410,282	54%
Lisa M. Buckingham <i>EVP & Chief People, Place & Brand Officer</i>	2020	805,404	-	1,642,003	679,795	1,172,972	78,041	337,301	4,715,516	49%
	2019	774,292	-	1,654,454	653,640	1,237,714	-	187,098	4,507,198	51%
Ellen G. Cooper <i>EVP & COO</i>	2020	748,519	-	1,058,432	438,130	701,513	-	258,814	3,205,408	47%
	2019	713,390	-	1,028,552	425,824	961,903	-	269,350	3,399,019	43%
Wilford H. Fuller <i>EVP & President, Annuities, LFD, LFN</i>	2020	667,812	-	961,292	379,780	1,022,036	-	187,329	3,218,249	42%
	2019	722,691	-	1,330,934	550,934	760,489	-	245,758	3,610,806	52%
Ellen G. Cooper <i>EVP & COO</i>	2020	638,534	-	1,310,067	542,339	957,312	-	256,797	3,705,049	50%
	2019	602,710	-	1,251,416	494,398	972,113	-	180,913	3,501,550	50%
Wilford H. Fuller <i>EVP & President, Annuities, LFD, LFN</i>	2020	767,263	-	1,563,237	647,098	1,047,368	-	317,805	4,342,771	51%
	2019	744,817	-	1,517,552	628,279	1,447,873	-	318,595	4,657,116	46%
	2018	709,221	-	1,514,531	598,367	1,309,595	-	219,005	4,350,719	49%

Source : Company reports (proxy statement).

Annual Incentive Compensation.

Annual incentive compensation is based on performance targets for sales by business unit, income from operations per share, and management of controllable costs. The latter component differs by executive. Reflecting COVID challenges, LNC revised annual performance targets for sales by business unit downward, and shifted the weightings for CEO corporate measurement goals. For 2021, since the 2020 goals were not intended to be permanent, LNC reverted metrics back to original pre-COVID levels: op. EPS will contribute 50%, business unit sales 35% and controllable cost management 15%. We note the pre-COVID sales targets were \$790m for Life, \$780m for Group, \$13,400m for Annuities and \$10,745m for RPS.

Figure 53: LNC annual incentive metrics

Metric	Threshold	Target	Maximum	Actual	Payout / Target
Op. EPS	7.49	9.86	12.23	4.45	0%
Business Unit Sales					
Life Insurance	418	598	Target	630	100%
Group Protection	426	609	Target	710	100%
Annuities	7,000	10,000	Target	11,260	100%
Retirement Plan Services	6,647	9,495	Target	10,017	100%
Controllable Costs (CEO)	N/A	100%	89%	97%	128%

Source : Company reports (proxy statement).

Long Term Equity Incentives. Long-term compensation includes RSUs, PSAs, and options. For 2021, LNC increased the alignment of CEO compensation with performance and shareholder interests by adjusting the CEO's LTI equity award mix to increase the percentage of equity granted as PSAs and Options. Options are now 20%, RSUs 30% and PSAs 50%. The performance-based component is weighted 50/50 between operating ROE and relative total shareholder return.

What's the Incentive? For 2020-2022, the target operating ROE is 12.8%, with a threshold of 12.15%. The target shareholder return is median of peer group. Consensus forecasts are for an avg. operating ROE of 12.3% from 2020 (using mgmt's adjusted 10.39% for 2020) through 2022, modestly below the target but above the minimum threshold.



Marsh & McLennan Companies

Figure 54: MMC Executive Compensation Summary

Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change in Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
Daniel S. Glaser	2020	1,500,000	-	6,177,971	5,750,013	5,500,000	394,740	373,255	19,695,979	61%
<i>President & CEO</i>	2019	1,500,000	-	5,750,140	5,750,017	6,500,000	470,095	361,445	20,331,697	57%
	2018	1,475,000	-	5,500,136	5,500,004	4,500,000	-	306,779	17,281,919	64%
Mark C. McGinney	2020	800,000	-	1,504,296	1,400,006	2,000,000	170,414	69,195	5,943,911	49%
<i>Chief Financial Officer</i>	2019	787,500	-	1,250,110	1,250,002	2,100,000	192,545	68,398	5,648,555	44%
	2018	750,000	-	1,125,108	1,125,018	1,750,000	-	64,976	4,815,102	47%
John Q. Doyle	2020	1,000,000	-	1,719,104	1,600,013	3,800,000	-	83,195	8,202,312	40%
<i>President & CEO, Marsh LLC</i>	2019	1,000,000	-	1,400,086	1,400,007	4,000,000	-	90,339	7,890,432	35%
	2018	1,000,000	-	1,350,162	1,350,003	3,250,000	-	72,915	7,023,080	38%
Peter C. Hean	2020	800,000	-	967,020	900,020	3,000,000	-	67,827	5,734,867	33%
<i>President & CEO, Guy Carpenter</i>	2019	800,000	-	875,168	875,016	3,050,000	-	69,053	5,669,237	31%
<i>Vice Chair MMC</i>	2018	800,000	-	800,066	800,005	2,500,000	-	171,673	5,071,744	32%
Marlene Ferland	2020	850,000	-	1,074,424	1,000,013	2,100,000	42,565	78,728	5,145,730	40%
<i>President and CEO, Mercer and</i>	2019	808,333	-	2,000,135	1,000,005	2,000,000	47,514	605,972	6,461,959	46%
<i>Vice Chair MMC</i>	2018									

Source : Company reports.

Annual Short-term Incentive Compensation. MMC's annual incentive plan uses both financial and strategic performance objectives (with a payout range for each objective on a 0%-150% scale), with the primary financial metric being net operating income (NOI). After an initial payout is determined, this is subject to a multiplier reflecting EPS growth versus the peer group. Finally, the ultimate bonus payment is determined through a qualitative assessment of performance as measured by the Compensation Committee. For 2020, the target was set at 112% of 2019 actual results for the CEO and CFO, and between 105-115% of segment NOI for other NEOs. MMC was roughly in line with the companywide target, with an EPS multiplier of 0.93x. For 2020, the CEO's annual bonus was 147% of target and the other NEOs ranged from 124-200%.

Long-Term Incentive Compensation. MMC's long-term compensation program is split into 50% performance shares and 50% stock options, with PSU vesting based on adjusted EPS growth over 3 years. These awards also incorporate a TSR modifier which requires the company's return to be above the median of the S&P 500 in order to receive 100% of the payout achieved in the below table. For the 2021 PSU awards, the compensation committee set the adjusted target EPS growth to 7%, recognizing the expectation that growth in 2021 will be muted due to the pandemic.

Figure 55: MMC performance share awards

	Payout (% of Adjusted EPS Target)	Growth
Maximum	200%	>11%
Target	100%	7%
Threshold	50%	3%
Below Threshold	0%	<3%

Source : Company reports.

What's the Incentive? In order for both 2019 and 2020 PSU awards to 100% vest, MMC needs to earn at least 8% annualized adjusted EPS growth for 2021 and 2022. We are currently estimating 14% EPS growth in 2021 (due in part to the impact of Covid-19 on 2020 EPS) and 9% EPS growth in 2022.



MetLife (MET)

Figure 56: MET Executive Compensation Summary

Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change In Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
Michel A. Khalaf <i>President & CEO</i>	2020	1,312,500	-	7,483,523	853,094	4,250,000	1,270,246	264,892	15,434,255	54%
	2019	1,083,333	-	6,741,993	939,921	4,500,000	1,095,313	210,021	14,570,581	53%
	2018	837,492	200,000	2,612,171	410,797	3,500,000	104,564	3,107,238	10,772,262	28%
John D. McCallion <i>EVP & CFO</i>	2020	887,500	-	2,694,114	307,113	2,400,000	358,180	153,953	6,800,860	44%
	2019	808,333	-	2,247,358	313,307	2,500,000	301,443	148,917	6,319,358	41%
	2018	597,834	-	428,064	127,151	2,000,000	118,776	71,928	3,343,753	17%
Bill Pappas <i>EVP & Pres. Global Tech & Ops</i>	2020	850,000	1,800,000	2,377,132	-	2,000,000	3,542	32,583	7,063,257	34%
	2019	100,256	2,200,000	2,394,024	-	-	-	-	4,694,280	51%
	2018	-	-	-	-	-	-	-	-	-
Steven J. Goulart <i>EVP & CO</i>	2020	918,750	-	2,993,460	341,245	2,100,000	361,179	124,750	6,839,384	49%
	2019	870,000	-	2,996,424	417,746	2,200,000	449,969	154,800	7,088,939	48%
	2018	776,250	-	2,238,997	352,112	3,000,000	268,474	91,050	6,726,883	39%
Ramzy Tadros <i>President, US Business</i>	2020	818,750	-	2,245,095	255,933	2,000,000	258,594	102,750	5,681,122	44%
	2019	1,498,212	-	1,498,212	208,878	1,750,000	204,550	82,650	5,242,502	33%
	2018	-	-	-	-	-	-	-	-	-

Source : Company reports (proxy statement).

Annual Incentive Compensation.

MET determines annual incentive compensation based on adjusted earnings, which excludes AOCI derivate gains/losses, but also alternatives NII that is 10% above or below the business plan goal. MET approved the 2020 business plan goal before COVID, and despite making no changes to targets or the program in the pandemic, its adjusted earnings met its 2020 business plan target.

Long Term Equity Incentives. MET's LTI includes performance shares (70% of award), restricted stock units, stock options, and, in some cases outside the United States, cash payable equivalents. MET uses 3-yr avg. adjusted ROE and total shareholder return, with each component weighted equally, with a maximum performance factor of 175%.

Figure 57: MET annual incentive performance factors

	Adj. ROE as % of		Total Shareholder	
	Goal	Performance Factor	Return vs. Peers	Performance Factor
Below Threshold	0-79	-	0-24th percentile	-
Threshold	80	25	25th percentile	25
Target	100	100	50th percentile	100
Maximum	120	175	87.5th percentile	175
Above Maximum	121+	175	87.6-99th percentile	175

Source : Company reports (proxy statement).

What's the Incentive? For the 2018-2020 period, adjusted ROE of 12.2% was above the 12.0% target (threshold was 9.6%). MET did not modify the business plan target for the 2020 incentive award program. Consensus forecasts an avg. ROE between 2020-2022 of 12.26%, above the 12% target and 9.6% threshold.



Principal Financial (PFG)

Figure 58: PFG Executive Compensation Summary

Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change In Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
Daniel Houston	2020	890,385	-	3,874,991	3,874,991	2,671,154	4,010,196	292,701	15,614,418	50%
<i>Chairman, Pres. & CEO</i>	2019	900,000	-	3,487,482	3,487,500	3,375,000	3,277,616	220,453	14,748,051	47%
	2018	900,000	-	3,375,009	3,375,034	2,544,000	1,762,655	270,319	12,227,017	55%
Deanna Strable-Soethout	2020	588,923	-	886,859	886,880	824,492	1,944,503	102,767	5,234,424	34%
<i>Pres. & CFO</i>	2019	595,500	-	818,807	818,800	990,019	1,389,310	79,569	4,692,005	35%
	2018	589,058	-	818,816	818,829	721,000	411,396	94,732	3,453,831	47%
Timothy Dunbar	2020	558,462	-	1,199,981	1,199,987	1,876,431	543,892	35,412	5,414,165	44%
<i>Pres. Global Asset Mgmt</i>	2019	600,000	-	1,199,993	1,200,000	2,472,000	639,025	65,534	6,176,552	39%
	2018	545,769	-	599,045	599,049	766,833	-	53,727	2,564,423	47%
Patrick Hafer	2020	535,192	-	891,256	891,266	1,609,430	591,232	21,125	4,539,501	39%
<i>CEO of PGI</i>	2019	575,000	-	848,113	848,150	2,072,875	669,048	14,250	5,027,436	34%
	2018	544,115	-	974,607	524,799	1,623,000	-	13,875	3,680,396	41%
Luis Valdes	2020	572,889	-	769,380	769,368	478,935	182,042	71,480	2,844,094	54%
<i>Pres. International</i>	2019	615,500	-	769,380	769,400	643,198	176,219	72,564	3,046,261	51%
	2018	613,192	-	769,360	769,379	471,000	143,110	92,762	2,858,803	54%

Source : Company reports (proxy statement).

Annual Incentive Compensation.

PFG determines annual incentive compensation by considering overall corporate results and includes non-GAAP operating earnings and a variety of non-financial metrics. In addition to financial performance, measured using operating earnings as a starting point, the compensation committee reviews customer measures, internal measures and learning & measures. In 2020, PFG exercised discretion to make an incremental adjustment to the final funding level for participants from 77% to 80% of target in recognition of the company's effective response to the pandemic.

Figure 59: PFG annual incentive metrics

	Threshold	Target	Maximum	Actual 2020
Operating earnings (\$m)	1,253	1,670	2,088	1,480
Payout	50%	100%	200%	77%
		+Adjustment for COVID performance:		80%

Source : Company reports (proxy statement).

Long Term Equity Incentives. PFG executives' long-term compensation is provided as non-qualified stock options and PSUs, which each represent 50% of the total grant date fair value. PSUs entitle the executive to earn shares of common stock if certain levels of performance are achieved. After a threshold goal is achieved or exceeded, PSUs vest based on continued service and achieving an average ROE and pre-tax return on net revenue, each weighted 50%, typically over a 3 year period (with each 3 year period treated as a "performance cycle"). For the 2020-2022 and 2021-2023 performance cycles, a 2 year performance period was approved due to accounting changes that may have significant impact on PFG's reported results. The accounting change was originally going to impact PFG's 2022 results, but the implementation was delayed by FASB until 2023. PFG intends to revert to a full three-year performance cycle for future awards.

What's the Incentive? The 2020-2022 PSU performance scale targeted an average ROE of 13.7% over the period (threshold 7.5%), with an avg. P-T return on net revenue of 30.3% (threshold 25.7%). There is also a BVPS threshold tied to ROE performance. If the average book value per share is between \$45.61 and \$49.62, the ROE performance score is reduced by 50%. If the average is below \$45.61, the ROE performance score will be reduced to 0%. Consensus currently forecasts an avg. ROE of 11.3% over the period, below the targeted 13.7% but above the threshold.



Progressive Corporation

Figure 60: PGR Executive Compensation Summary

Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change in Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
Susan P. Griffith	2020	980,770	-	9,500,037	-	4,707,694	-	32,022	15,220,523	62%
President & CEO	2019	888,461	-	9,000,104	-	4,047,253	-	105,454	14,041,272	64%
	2018	791,346	-	11,000,133	-	2,267,207	-	114,239	14,172,925	78%
John P. Sauerland	2020	672,115	-	2,275,137	-	1,935,692	-	12,750	4,895,694	46%
VP & CFO	2019	622,115	-	2,187,622	-	1,746,713	-	12,000	4,568,450	48%
	2018	597,115	-	5,100,092	-	1,425,613	-	12,000	7,134,820	71%
Patrick K. Callahan	2020	565,384	-	1,650,123	-	1,628,307	-	12,000	3,855,814	43%
President - Personal	2019	491,346	-	1,375,087	-	1,351,399	-	12,000	3,229,832	43%
	2018	418,654	-	935,031	-	799,629	-	12,000	2,165,314	43%
John A. Barbagallo	2020	524,423	-	1,262,565	-	1,006,892	-	12,750	2,806,630	45%
President - Commercial	2019	503,269	-	1,136,325	-	961,244	-	12,000	2,612,838	43%
	2018	488,269	-	1,078,081	-	932,595	-	12,000	2,510,945	43%
Michael D. Selger	2020	516,346	-	1,250,095	-	991,384	-	12,750	2,770,575	45%
President - Claims	2019	469,231	-	1,187,618	-	896,231	-	12,000	2,565,080	46%
	2018	418,654	-	935,031	-	799,629	-	12,000	2,165,314	43%

Source : Company reports (proxy statement).

Annual cash bonus. NEOs have the opportunity to earn an annual, performance-based cash bonus under the company's Gainsharing program. These bonuses are determined by multiplying an executive's target bonus by a performance ("Gainshare") factor. The performance factor is determined by assessing growth and profitability of each business and then at an aggregate level; the two key metrics used are the combined ratio and PIF growth. For the investment related bonus plan, the performance factor is based on the PGR fixed-income portfolio's one-year and trailing three-year total returns (including the benefit of state premium tax abatements associated with certain municipal bond holdings) versus those of a benchmark group. For 2020, PGR achieved a Gainshare score of 1.92 out of 2.0 (Figure 44).

Figure 61: 2020 Gainsharing Factor Performance Scores

	Combined Ratio	Y/Y Change in PIF	Business Unit Performance Score	Weighting	Weighted Performance Score
Agency Auto	85.8%	9%	2.00	37.8%	0.76
Direct Auto	87.7%	13%	2.00	41.2%	0.82
Special lines	-	6%	2.00	4.9%	0.10
Commercial lines	87.0%	7%	2.00	11.9%	0.24
Property	107.1%	8%	0.00	4.2%	0.00
Gainshare Factor					1.92

Source : Company reports (proxy statement).

Equity-Based Compensation for Insurance Results. At PGR, annual awards of restricted stock units are made in the form of time-based awards (that vest equally over the last three years of a five-year period) and performance-based awards. For 2020, PGR granted time-based restricted stock and performance-based restricted stock to all NEOs. Performance share vesting is based on the growth rate of segments relative to the growth rate of the market (must meet or exceed the market to be at or above target), as well as the maintenance of a 12-month profitability goal which determines vesting. For each of the performance share awards, if the growth goal is achieved over the three-year period, but the 12-month combined ratio goal is not satisfied when the initial vesting determinations are made, the award will remain open for an additional two years. If after the additional two years the profitability goal remains unmet, the awards will expire.



Prudential Financial (PRU)

Figure 62: PRU Executive Compensation Summary

Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change In Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
Charles F. Lowrey <i>Chairman & CEO</i>	2020	1,246,154		4,980,063	1,682,442	5,889,715	1,133,852	58,028	14,990,254	44%
	2019	1,200,000		4,980,009	1,666,665	6,085,252	1,128,436	72,577	15,132,939	44%
	2018	794,808		2,499,088	854,897	5,478,255	661,825	68,585	10,357,458	32%
Kenneth Y. Tanji <i>EVP & CFO</i>	2020	623,077		1,560,093	527,040	1,767,572	531,777	30,821	5,040,380	41%
	2019	600,000		1,560,046	522,102	1,643,475	491,659	50,093	4,867,375	43%
	2018	446,404		381,597	65,242	1,331,611	59,264	19,024	2,303,142	19%
Robert M. Falzon <i>Vice Chairman</i>	2020	1,038,461		3,960,006	1,337,850	4,636,117	937,141	76,941	11,986,516	44%
	2019	1,000,000		3,960,144	1,325,304	4,754,861	938,263	104,406	12,082,978	44%
	2018	783,269		2,104,664	719,901	4,120,282	333,217	48,988	8,110,321	35%
Scott G. Sleyster <i>EVP & Head of International</i>	2020	726,923		2,280,076	770,274	2,936,921	922,521	35,383	7,672,098	40%
	2019	700,000		2,280,038	763,062	2,750,399	950,152	52,236	7,495,887	41%
	2018	549,231		1,578,552	269,963	2,668,958	125,875	22,256	5,214,835	35%
Andrew F. Sullivan <i>EVP & Head of U.S.</i>	2020	726,923		1,980,003	668,934	2,519,639	344,172	32,101	6,271,772	42%
	2019									
	2018									
Stephen Pelletier <i>Fmr. EVP & Head of US</i>	2020	283,765		2,850,023	962,838	3,097,048	2,054,437	9,135	9,257,246	41%
	2019	770,000		2,850,094	953,813	5,110,059	5,122,625	66,252	14,872,843	26%
	2018	770,000		2,499,088	854,897	5,315,371	9,015,685	71,250	18,526,291	18%

Source : Company reports (proxy statement).

Annual Incentive Compensation.

PRU's annual incentive program is designed to reward strong financial and operational performance that furthers its short-term strategic objectives. Financial performance is determined based on three equally weighted annual performance metrics. For performance year 2020, these were: EPS as compared to a pre-established EPS target; year-over-year change in EPS; and ROE relative to the median ROE of North American Life peers. For performance year 2021, a transformation cost savings metric will replace year-over-year change in EPS. No discretionary adjustments were made by PRU's compensation committee with respect to the pandemic.

Figure 63: PRU annual incentive metrics

	2020 EPS	EPS Target Factor	ROE +/- Peer Median	EPS Target Factor
	16.19 or above	1.50	3% or more	1.25
Target Range	12.70	1.06		
	12.45	1.00	0%	1.00
	12.20	0.95		
	8.72 or below	0.50	-3% or less	0.75
2020 Actual	11.05	0.92	12.00%	0.95
		Final performance factor:		0.89

Source : Company reports (proxy statement).

Long Term Equity Incentives. PRU's long-term incentive program ties the majority of its executives target total compensation to the achievement of multiyear financial results and other goals related to long-term value creation. For grants made in or prior to February 2020, PRU awarded: performance shares that reward the achievement of long-term ROE goals and increases in the market value of PRU shares; book value units that reward increases in adjusted book value per share; and stock options that reward increases in the market value of PRU shares. In February 2021, PRU discontinued the use of stock options and book value units, incorporating BVPS as a metric in its performance shares program, replacing ROE relative to plan. PRU also introduced restricted stock units (RSUs) and increased the proportion of long-term incentive compensation delivered in the form of performance shares to 75%.

What's the Incentive? For the 2021-2023 performance period, the target avg. ROE is 12.5% for 1.0x factor, 11.0% for 0.75x factor, and 0x for avg. ROE of 10.0% or less. The avg. annual BVPS growth target is 7.0% for 1.0x, 3.5% growth for 0.5x, and 0x for less than 3.5%. PRU is also incorporating an inclusion and diversity modifier of +/- 10%. Consensus forecasts an avg. ROE of 12.3% for the 3 year period, slightly below the target.



Reinsurance Group of America (RGA)

Figure 64: RGA Executive Compensation Summary

Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change In Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
Anna Manning	2020	1,030,000	-	4,312,485	1,444,174	1,390,500	617,725	249,349	9,044,233	64%
<i>President and CEO</i>	2019	1,025,385	-	3,375,029	989,547	2,144,954	404,102	177,258	8,116,275	54%
	2018	992,308	-	2,812,518	1,017,261	1,308,840	375,734	193,761	6,700,422	57%
Todd C. Larson	2020	636,346	-	919,112	307,796	580,500	360,017	109,992	2,913,763	42%
<i>Sr. EVP and CFO</i>	2019	596,154	-	742,518	217,692	832,992	315,487	101,994	2,806,837	34%
	2018	566,538	-	646,931	233,982	501,722	299,764	85,405	2,334,342	38%
Alain P. Némeh	2020	640,833	-	919,112	307,796	580,500	913,754	50,236	3,412,231	36%
<i>Sr. EVP and COO</i>	2019	616,667	-	767,211	224,951	860,759	2,105,409	50,893	4,625,890	21%
	2018	597,250	-	719,952	260,415	523,536	652,226	50,960	2,804,339	35%
Leslie Barbi	2020	561,731	-	603,746	202,180	452,333	-	302,721	2,122,711	38%
<i>EVP & Chief Investment Officer</i>	2019									
	2018									
Tony Cheng	2020	609,766	-	367,456	123,043	384,126	661	300,284	1,785,336	27%
<i>EVP, Head of Asia</i>	2019	580,299	800,000	352,086	103,222	477,421	634	288,940	2,602,602	17%
	2018									
John P. Laughlin EVP, GFS	2020	611,154	-	553,541	185,359	399,750	403,955	69,774	2,223,533	33%
<i>EVP, Global Financial Solutions</i>	2019	591,924	1,000,000	535,537	157,014	1,008,025	465,909	76,250	3,834,659	18%
	2018	570,385	-	517,484	187,178	816,914	416,198	61,362	2,569,521	27%

Source : Company reports (proxy statement).

Annual Incentive Compensation.

For its annual incentive compensation program in 2020, RGA incorporated adjusted operating income per share (50% weighting), BVPS excl. AOCI (25%), new business embedded value (15%), and adjusted operating revenue (10%). For 2021, RGA replaced the BVPS component with a strategic scorecard assessing certain focus areas, such as leadership, strategy, expense management, cybersecurity, diversity and inclusion and ESG.

Figure 65: RGA annual incentive metrics

	Min	Target	Max	Actual	Weight	Payout %
Adj. Op. EPS	12.94	13.91	14.88	7.54	50.0%	0.0%
BVPS excl. AOCI	136.80	144.00	151.20	132.33	25.0%	0.0%
New business value	325.00	580.00	835.00	561.20	15.0%	14.4%
Annual Adj. Revenue	14,121.00	14,864.00	15,607.00	14,595.88	10.0%	8.2%
Unadjusted Payout						22.6%

Source : Company reports (proxy statement).

Long Term Equity Incentives. Each year, after approval by the compensation committee, RGA grants performance contingent share (PCS) awards to the named executive officers and certain other executives. PCS awards represent 75% of the total target long term incentive award of each executive. The remaining 25% of target long term incentive compensation is delivered as share-settled stock appreciation rights (SARs). PCS performance metrics include 3-year averages of adjusted op. ROE (33.5% weighting), adj. op. income (33.5%), and BVPS excl. AOCI (33.0%). Because of the impact of the pandemic on 2020 financial results, this would have significantly reduced or eliminated the value of awards granted in the three separate cycles inclusive of FY20. Thus, RGA's compensation committee utilized discretion to authorize a one-time modification to 2020 awards due to the pandemic, capping payouts on a tiered approach.

What's the Incentive? For RGA's 2021 equity incentives, the compensation committee determined that a one-time award and other design changes were necessary given: the uncertainty related to the length of the business recovery for the reinsurance industry, the zero payout under the 2020 PCS awards, that RGA estimates with a high degree of confidence that payouts for the PCS cycles ending in 2021 and 2022 would also be zero, that these PCS awards have historically comprised 75% of equity for these executives. For 2021 PCS grants, performance metrics were established for each of 2021, 2022 and 2023 as opposed to 3-year cumulative results, with a time-vesting component for 2023. The pre-COVID 3-year targets were: ROE of 10.5% (9.5% threshold), adj. op income of \$2.82b (\$2.6b threshold), and BVPS excl. AOCI of \$162.80 (\$154.66 threshold). Consensus forecasts are for 3-yr avg. ROE of 8.0% (2021: 5.4%, 2022: 9.7%, 2023: 9%). These are below the pre-COVID PCS targets, but we believe RGA's compensation committee will continue to evaluate modifications to ensure employees and executives



remain incentivized and rewarded for performance despite the pandemic's impact.



RenaissanceRe Holdings

Figure 66: RNR Executive Compensation Summary

Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change in Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
Kevin J. O'Donnell <i>CEO, President & CIO</i>	2020	1,100,000	-	4,674,754	-	2,900,258	-	881,623	9,556,635	49%
	2019	1,100,000	-	4,674,908	-	4,232,250	-	761,001	10,768,159	43%
Robert Qutub <i>EVP & CFO</i>	2020	635,000	-	1,678,440	-	930,134	-	396,421	3,639,995	46%
	2019	635,000	-	1,428,566	-	1,357,313	-	369,447	3,790,326	38%
Ross Arthur Curtis <i>SVP & Group CIO</i>	2020	675,000	-	1,768,412	-	988,725	-	189,280	3,621,417	49%
	2019	675,000	-	1,518,563	-	1,442,813	-	199,059	3,835,435	40%
Ian D. Branagan <i>SVP and Chief Risk Officer</i>	2020	654,167	-	1,599,335	-	1,476,563	-	162,728	3,892,793	41%
	2019	609,900	-	1,666,512	-	939,677	-	179,610	3,395,699	49%
Stephen H. Weinstein <i>SVP and General Counsel</i>	2020	525,000	-	1,431,020	-	79,946	-	1,026,161	3,062,127	47%
	2019	525,000	-	1,181,072	-	1,122,188	-	420,733	3,248,993	36%
	2018	515,000	-	1,331,158	-	1,148,438	-	389,813	3,384,409	39%

Source : Company reports (proxy statement).

Annual Cash Bonus. RNR's annual cash bonus is awarded as 0 to 200% of an executive's target bonus level and is determined using a mix of quantitative and qualitative factors. For 2020, the quantitative factors were unchanged; the program considers combined ratio relative to peers, operating return on average common equity relative to peers, and ratio of GWP to budget. When combined with an evaluation of strategic initiatives, the resulting business performance factor used for the NEOs' annual incentive bonus decreased to 105% in 2020 vs 171% in 2019.

Figure 67: Determinants of RNR's Business Performance Factor

Metric	Baseline	2019	2020	Payout a % of Target	Weighting	Contribution to Bonus Pool
Combined Ratio	Actual vs Peer Average	92.3%	101.9%	120%	16.7%	20.0%
Operating ROE	Actual vs Peer Medial	8.0%	0.2%	0	33.3%	0.0%
Gross Written Premium	Actual vs. Budget	\$4.8bb	\$5.8bb	114%	16.7%	19.0%
Strategic Accomplishment	Pre-Established Goals	Score 2.65	Score 2.78	198%	33.3%	65.9%

Source : Company reports.

Equity Incentive Awards. In 2020, RNR revamped its LTI program structure following a lower-than-expected "say-on-pay vote" in 2019. The program is comprised of 50% PSUs and the remainder in RSUs, with a three-year performance period versus the previous annual "banking" of shares with a three year vesting period. Finally, 75% of PSUs will be based on growth in book value per share plus change in accumulated dividends over three years, while 25% will be based on 3-yr average underwriting expense ratio. 2019 performance shares remain based on growth in tangible book value per common share plus change in accumulated dividends.

The matrix for 2020 performance shares is indicated in **Figure 46**.

Figure 68: Performance targets for 2020 PSUs

Performance Level	Growth in TBVPS + Accumulated Dividends	Vesting Level (% of Target)	Underwriting Expense Ratio Rank	Vesting Level (% of Target)
Below Threshold	<3.5%	0%	<6	0%
Threshold	3.50%	35%	6	35%
Target	7%	100%	10	100%
Maximum	14%	200%	19	200%

Source : Company reports.

What's the Incentive? For RNR's legacy 2019 PSUs, growth in tangible book value plus change in accumulated dividends must be 7% or higher annually; for 2020 awards, average growth in tangible book value plus change in accumulated dividends must remain above 7%. In 2020, RNR earned a 17.9% growth in TBVPS plus change in accumulated dividend. Therefore, in order for both 2019 and a 2020 BVPS performance shares to reach target for the 2021 award year, RNR must report above 7% TBVPS growth plus change in accumulated dividends.

Travelers Companies

Figure 69: TRV Executive Compensation Summary

Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change in Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
Alan D. Schnitzer <i>Chairman & CEO</i>	2020	1,300,000	-	6,450,017	4,300,009	6,200,000	701,662	38,582	18,990,270	57%
	2019	1,000,000	-	5,399,999	3,600,004	6,000,000	676,671	102,125	16,778,809	54%
	2018	1,000,000	-	4,920,031	3,279,992	5,200,000	208,246	39,944	14,648,213	56%
Daniel Frey <i>EVP & CFO</i>	2020	700,000	-	1,260,040	840,004	2,100,000	215,402	7,000	5,122,446	41%
	2019	687,739	-	974,993	649,994	1,750,000	160,906	6,939	4,230,571	38%
	2018	461,552	-	185,510	117,005	1,000,000	31,333	11,500	1,806,900	17%
Avrohom J. Kass <i>Executive VP & President, BI</i>	2020	900,000	-	1,619,995	1,080,003	2,755,000	214,441	7,000	6,576,439	41%
	2019	887,739	-	1,520,059	1,020,006	2,675,000	182,974	6,662	6,203,440	40%
	2018	850,000	-	1,440,050	959,999	2,625,000	128,054	6,500	6,009,603	40%
Gregory Toczydlowski <i>EVP and President, Business Insurance</i>	2020	750,000	-	1,140,055	760,004	2,315,000	457,448	23,860	5,446,367	35%
	2019	737,739	-	1,049,944	700,004	2,250,000	509,846	10,088	5,257,621	33%
	2018	700,000	-	1,050,037	699,998	2,300,000	97,870	7,370	4,855,275	36%
Michael F. Klein <i>EVP & President, Personal Insurance</i>	2020	700,000	-	1,050,034	700,008	2,165,000	450,908	70,648	5,136,598	34%
	2019									
	2018									

Source : Company reports (proxy statement).

Performance-Based Annual Cash Bonus. The annual cash bonus at Travelers is informed by specific performance metrics, although the actual payout is not formulaic which can be disconnected from individual performance. Key metrics are disclosed in the proxy and are below in **Figure 50**.

Figure 70: TRV annual incentive compensation key metrics

Metric	2019		2020	
	Target	Actual	Target	Actual
Core ROE	11.8%	10.9%	11.0%	11.3%
Adj. Core ROE	15.0%	14.6%	15.2%	17.2%
Core Income	\$2.70B	\$2.54B	\$2.62B	\$2.69B
Core Income p/sh	\$10.16	\$9.60	\$10.18	\$10.48
Core Income x/ cat, A&E	\$3.67B	\$3.47B	\$3.68B	\$4.24B

Source : Company reports (proxy statements).

Stock-Based Long-Term Incentives. TRV awards long-term compensation to its NEOs as stock options (~40%) and performance shares (~60%). Performance shares are based upon achieving a pre-determined average adjusted ROE over a three-year period. The ROE vesting target has remained at 10%, the same as in the prior five years (Figure 56). The decision to maintain the same 10% ROE target was reflective of the Compensation Committee's view that this target was above industry ROE for both 2019 and 2020, as well as the 10 year historical industry average, and higher than TRV's cost of equity. For the 2018-2020 performance awards, the ROE achieved for the performance period was 12.4% and thus the shares vested at 106.9%.

Figure 71: 2020 and 2021 TRV Performance Share Vesting

2021	Vesting %
<8.0%	0%
8.0%	50%
8.5%	75%
10.0%	100%
10.5%	110%
11.0%	120%
11.5%	130%
12.0%	140%
12.5%	150%
13.0%	160%
14.5%	180%
16.0%	200%

Source : Company reports (proxy statement).



Unum Group (UNM)

Figure 72: UNM Executive Compensation Summary

Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change In Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
Richard McKenney	2020	1,078,846	-	9,906,877	-	1,812,462	167,000	293,353	13,258,738	75%
<i>Pres. & CEO</i>	2019	1,000,000	-	6,420,903	-	1,710,000	161,000	435,283	9,727,186	66%
	2018	1,000,000	-	6,564,575	-	1,900,000	-	432,286	9,896,861	66%
Steven Zabel	2020	617,308	-	938,550	-	597,554	-	120,050	2,273,462	41%
<i>EVP, CFO</i>	2019	456,308	-	280,159	-	410,335	-	73,235	1,220,037	23%
	2018									
Michael Simonds	2020	718,846	-	2,114,113	-	735,785	368,000	139,885	4,076,629	52%
<i>EVP, COO</i>	2019	634,817	-	1,261,822	-	628,469	340,000	143,048	3,008,156	42%
	2018	627,418	-	1,125,485	-	627,418	-	146,822	2,527,143	45%
Timothy Arnold	2020	519,267	-	1,004,033	-	355,179	299,000	227,746	2,405,225	42%
<i>EVP Vol. Benefits & Pres. Colonial</i>	2019	500,035	-	682,420	-	405,029	304,000	298,749	2,190,233	31%
	2018	497,144	-	636,801	-	447,429	-	245,965	1,827,339	35%
Lisa Iglesias	2020	571,154	-	1,118,060	-	434,077	-	109,804	2,233,095	50%
<i>EVP, General Counsel</i>	2019	544,277	-	780,971	-	465,357	-	112,906	1,903,511	41%
	2018	521,315	-	690,652	-	469,184	-	104,501	1,785,652	39%

Source : Company reports (proxy statement).

Annual Incentive Compensation.

UNM determines annual incentive compensation based on adj. op. EPS (35% weighting), adj. op. ROE (15%), earned premium (15%), sales (15%), customer experience (10%) and operating expense ratio (10%). The funding of awards under UNM's annual incentive plan is conditioned on the company achieving a specified level of performance. The plan requires \$250 million of statutory after-tax operating earnings to fund payments under the plan, which helps to ensure UNM's commitments to shareholders and creditors. The company successfully achieved the performance requirement for funding the 2020 annual incentive awards and the long-term incentive grants made in March 2021.

Figure 73: UNM annual incentive metrics

	Threshold	Target	Maximum	Actual	Weight	Result
Adj. Op. EPS	3.65	4.87	5.24	4.93	35%	Slightly above target
Adj. Op. ROE	7.8%	10.4%	11.2%	10.7%	15%	Slightly above target
Earned premium	7,392.0	8,696.5	9,566.1	8,383.7	15%	Slightly above target
Sales	1,406.8	1,875.8	2,110.3	1,503.1	15%	Below target
Customer experience	225.0%	300.0%	337.5%	303.0%	10%	Slightly above target
Operating expense ratio	19.4%	17.4%	16.4%	17.8%	10%	Below target

Source : Company reports (proxy statement).

Long Term Equity Incentives. UNM allocates long-term incentive compensation through 50% performance-based restricted stock units (PBRUs) and 50% performance share units (PSUs). The former vests ratably over 3 years and the latter vests at the end of each 3 year period. In 2020, the compensation committee also conditioned the funding of grants under the long-term incentive plan on the same performance requirement as the annual incentive plan, which requires \$250m of statutory after-tax operating earnings. The PSUs vest based on the achievement of three-year, prospective (2020-2022) average adjusted operating earnings per share and average adjusted operating return on equity goals, and the achievement will be modified (up to +/-20%) based on UNM's total shareholder return relative to the peer group.

What's the Incentive? For 2020-2022, the PSU targeted 3 year average adj. ROE is 11.8% with a threshold of 8.9% and a maximum of 13.6%. The targeted 3 year average adj. op. EPS is \$6.16, with a threshold of \$4.62 and a maximum of \$7.08. Consensus forecasts are for an average 3 year operating ROE of 9.5% and adj. operating EPS of \$5.02 between 2020-2022. These are both below the target, but above the threshold and within the range.



Voya (VOYA)

Figure 74: VOYA Executive Compensation Summary

Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change In Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
Rodney D. Martin, Jr.	2020	1,200,000	-	9,106,533	-	3,000,000	40,936	249,539	13,597,008	67%
<i>Chairman & CEO</i>	2019	1,000,000	-	8,141,671	-	3,140,000	41,986	230,634	12,554,291	65%
	2018	1,000,000	-	7,072,591	-	3,140,000	39,581	85,739	11,337,911	62%
Michael S. Smith	2020	640,000	-	2,877,880	-	1,290,240	57,605	69,692	4,935,417	58%
<i>Vice Chairman & CFO</i>	2019	637,500	-	1,905,932	980,778	1,512,000	55,012	68,770	5,159,992	56%
	2018	625,000	-	2,239,635	-	1,375,000	25,523	67,360	4,332,518	52%
Christine Hursellers	2020	600,000	-	2,590,085	-	1,900,800	264,925	58,592	5,414,402	48%
<i>CEO Inv. Mgmt</i>	2019	600,000	-	2,299,546	980,778	2,138,400	331,801	68,770	6,419,295	51%
	2018	600,000	-	2,357,513	-	2,625,000	-	67,360	5,649,873	42%
Charles P. Nelson	2020	730,000	-	2,701,108	-	1,156,320	44,688	70,388	4,702,504	57%
<i>Vice Chairman, Chief Growth Officer</i>	2019	725,000	-	1,864,472	980,778	1,300,860	42,626	87,660	5,001,396	57%
	2018	700,000	233,334	2,292,021	-	1,375,000	30,413	73,591	4,704,359	49%
Margaret M. Parent	2020	620,000	-	1,414,613	-	1,145,760	42,170	51,300	3,273,843	43%
<i>Emr. EVP & CAO</i>	2019	616,667	-	978,790	980,778	1,406,160	39,049	50,400	4,071,844	48%
	2018									

Source : Company reports (proxy statement).

Annual Incentive Compensation.

For VOYA's annual incentive awards, preliminary annual compensation amounts are based on the target annual incentive compensation amounts for each of its named executive officers, on financial performance under three financial measures: adjusted operating earnings (50% weighting), adjusted operating return on allocated capital (35%) and strategic indicators (15%). The strategic indicators are defined by VOYA as a portfolio of indicators that drive growth and margin expansion. The indicators include net flows growth, in-force premium growth and cost savings from VOYA's strategic investment program, which contribute to the achievement of its ROE goal.

Figure 75: VOYA annual incentive metrics

	Weight	Min	Target	Max	Actual	Payout %
Adj. Op. Earnings (\$m)	50%	579	724	869	694	90%
Adj. Op. Return on Allocated Capital	35%	14.1%	17.6%	21.1%	17.8%	103%
Strategic Indicators	15%	1.5	3.0	4.5	3.0	100%
Total	100%					96%

Source : Company reports (proxy statement).

Long Term Equity Incentives. Long-term incentive equity awards are granted annually in performance stock units, based on adjusted operating ROE (20% weighting), adj. op. EPS (30%), and relative total shareholder return vs. the peer group (50%). In 2020, the weighting for EPS was increased by 5 percentage points, taken from the ROE weighting.

What's the Incentive? The performance equity awards granted for 2020 performance targeted a 10.4% adj. op. ROE, with a minimum of 9.3%, and targeted adj. op. EPS of \$4.56, with a minimum of \$4.11. Consensus forecasts are for an average operating ROE of 12.5% and avg. op. EPS of \$5.35 from 2020-2022, above the 2020 target.



W.R. Berkley Corporation

Figure 76: WRB Executive Compensation Summary

Name/Job Title	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity IP Comp	Change in Pension Value	All Other Comp	Total Comp	Equity-Based Awards / Total Comp
William Robert Berkley Jr. <i>President & CEO</i>	2020	1,000,000	-	3,575,058	-	4,999,850	-	407,820	9,982,728	36%
	2019	1,000,000	-	3,575,014	-	5,939,145	-	503,772	11,017,931	32%
	2018	1,000,000	-	3,575,022	-	6,707,250	-	570,589	11,852,861	30%
William Robert Berkley <i>Executive Chairman</i>	2020	1,000,000	-	3,575,058	-	4,999,850	-	578,948	10,153,856	35%
	2019	1,000,000	-	3,575,014	-	6,154,926	-	559,084	11,289,024	32%
2018	1,000,000	-	3,575,022	-	7,192,950	-	557,869	12,325,841	29%	
Richard M. Balo <i>EVP and CFO</i>	2020	646,667	-	522,529	-	755,240	-	52,153	1,976,589	26%
	2019	625,000	-	522,564	-	786,551	-	56,730	1,990,845	26%
2018	591,667	-	440,063	-	792,645	-	53,730	1,878,105	23%	
James Gerald Shiel <i>EVP - Investments</i>	2020	650,000	-	522,529	-	795,695	-	52,420	2,020,644	26%
	2019	650,000	-	522,564	-	902,551	-	58,980	2,134,095	24%
	2018	650,000	-	522,531	-	1,032,155	-	58,980	2,263,666	23%
Lucille Sgaglione <i>EVP</i>	2020	650,000	-	522,529	-	783,013	-	52,210	2,007,752	26%
	2019	650,000	500,000	522,564	-	339,345	-	58,822	2,070,731	25%
	2018	650,000	500,000	522,531	-	405,023	-	58,980	2,136,534	24%

Source : Company reports (proxy statement).

Annual Incentive Bonus. Awards under the Annual Incentive Compensation Plan (AICP) are designed to be performance based without overly formulaic. In response to shareholder concerns in 2019, WRB reduced the maximum potential size of the pool from 5.0% of pre-tax income in 2013 to 3.3% in 2015 onwards, with a \$10mm per person cap. The performance metrics used are a long-term ROE of at least 15% and a combined ratio of 95% or less. There are also nonspecific goals for growth in EPS, growth in BVPS (which should be broadly in line with ROE), investment income, consistency in the management team, investments in new businesses, and gains on long-term investments. For 2020, the company earned an ROE of 8.7% and a combined ratio of 94.9%. Overall, AICP payments were flat to down 10% given the lower ROE earned; while WRB's earned ROE fell short of its goal, the committee acknowledged the impact Covid-19 had on results.

Long-Term Incentives. WRB awards its long-term compensation entirely in performance-based programs comprised of RSUs and cash grants. Performance-based RSUs are linked to five year ROE performance, while the cash awards are linked to BVPS growth over five years. Additionally, vested RSUs are mandatorily deferred until the executive leaves the company.

The performance-based RSUs fully vest after five years in three tranches, based upon the three-year average Excess ROE for the periods ending June 30 of 2023, 2024, and 2025. Excess ROE is defined as the average ROE less the rate on the five-year U.S. Treasury Note as of July 1, 2020 (0.31%); target levels are indicated in **Figure 58**.

Figure 77: WRB performance-based RSU Payout Scale

Excess ROE	% Target RSUs earned
Less than 500 basis points	0%
500 basis points	80%
633 basis points	90%
766 basis points	100%
900 or more basis points	110%

Source : Company reports.



For cash-denominated LTIP awards, the growth in BVPS must surpass a hurdle rate of 12.5% (averaged annually over the performance period) in order for NEOs to earn the maximum award value. For 2021 awards, BVPS must be \$61.17 by the end of 2024 from an opening value of \$33.94. The earned value of LTIP awards is zero if BVPS remained unchanged or decreased as of the end of the five-year period.

What's the Incentive? In order for 2017 cash-based LTIP awards to fully vest, WRB's BVPS would need to be \$49.48 (adjusted for 3-for-2 stock split) by year end 2021, which would require it to appreciate by ~37% from current levels. WRB currently has four tranches of its performance-based RSUs outstanding, all of which are above the average target ROE for 100% payout. In order for 2020 awards to fully vest in 2024, WRB must earn above a 7.8% ROE for the remaining four years of the award cycle.

Figure 78: WRB PSU performance

Year	2017-2021 awards	2018-2022 awards	2019-2023 awards	2020-2024 awards
2017	10.9%			
2018	11.8%	11.8%		
2019	12.5%	12.5%	12.5%	
2020	8.7%	8.7%	8.7%	8.7%
Average ROE	11.0%	11.0%	10.6%	8.7%
ROE needed for 100% vesting	9.5%	10.4%	9.5%	8.0%

Source : Company reports, Factset.



Valuation Method and Risk Statement

Loss cost inflation may be better/worse than expected, resulting in better/worse than expected underwriting margins and earnings. Pricing for auto insurance may rise more/less than expected, resulting in better/worse than expected underwriting margins and earnings. Large catastrophe losses could hinder growth in earnings and book value. Our price targets are based upon price-to-book multiples and enterprise value-to-EBITDA multiples.



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12-Month Rating	Definition	Coverage ¹	IB Services ²
Buy	FSR is > 6% above the MRA.	53%	32%
Neutral	FSR is between -6% and 6% of the MRA.	36%	30%
Sell	FSR is > 6% below the MRA.	11%	21%
Short-Term Rating	Definition	Coverage ³	IB Services ⁴
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 30 June 2021.

1:Percentage of companies under coverage globally within the 12-month rating category.

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