

AMERICAN NATIONAL INSURANCE CO /TX/
Form DEF 14A
April 03, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(RULE 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

American National Insurance Company
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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American National Insurance Company

One Moody Plaza

Galveston, Texas 77550

NOTICE OF ANNUAL STOCKHOLDERS MEETING

To Be Held April 26, 2019

In Galveston, Texas

Notice is hereby given that the Annual Meeting of Stockholders of **AMERICAN NATIONAL INSURANCE COMPANY**, a Texas insurance company (the Company), will be held in the Mary Moody Northen Auditorium of the American National Insurance Company Building, Second Floor, One Moody Plaza, Galveston, Texas 77550, at 8:30 a.m. local time on April 26, 2019 for the following purposes:

1. The election of a Board of ten (10) directors of the Company;
2. A non-binding advisory vote to approve the compensation of the Company's executive officers as disclosed in the accompanying proxy statement;
3. Ratification of the appointment of KPMG LLP as our independent registered public accounting firm (independent auditors) for 2019; and

4. The transaction of such other business as may properly come before the meeting or any adjournment thereof. Only holders of common stock of the Company of record at the close of business on March 4, 2019 are entitled to notice of, and to vote at, the meeting or any adjournment thereof.

Except for the ratification of the appointment of KPMG LLP as auditors for 2019, your broker is not permitted to vote on your behalf on any matters to be considered at the stockholders' meeting unless you provide specific instructions. For your vote to be counted, you will need to communicate your voting decisions to your broker, bank or other financial institution before the date of the stockholders' meeting.

IT IS IMPORTANT THAT YOUR STOCK BE REPRESENTED AT THE MEETING. WHETHER OR NOT YOU PLAN TO ATTEND, PLEASE FILL IN, SIGN, DATE AND RETURN THE ACCOMPANYING PROXY CARD AS PROMPTLY AS POSSIBLE. A RETURN ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES, IS ENCLOSED FOR YOUR CONVENIENCE.

By Order of the Board of Directors

J. Mark Flippin, Secretary

April 3, 2019

Important Notice Regarding the Availability of Proxy Materials

for the Stockholders Meeting to Be Held on April 26, 2019:

Our proxy materials relating to our 2019 Annual Meeting (notice, proxy statement, proxy and 2018 Annual Report) are available at the following website: <https://materials.proxyvote.com/028591>. This information as well as similar information relating to all of our future Annual Meetings will also be available by calling 1-888-252-0177 or by email to investorrelations@americannational.com. We have elected to deliver a full set of proxy materials to all of our stockholders entitled to notice of and to vote at the annual meeting, and distribution will begin on or about April 3, 2019.

For the date, time and location of the 2019 Annual Meeting and the matters to be voted upon at the 2019 Annual Meeting, please see the Notice of Annual Stockholders Meeting above. For the Board's recommendation regarding those matters, please refer to the accompanying proxy statement. For information on how to obtain directions to attend the meeting and vote in person, please contact Investor Relations at 1-888-252-0177 or by email to investorrelations@americannational.com.

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P R O X Y S T A T E M E N T

For the Annual Meeting of Stockholders

To Be Held April 26, 2019

in the Mary Moody Northen Auditorium

on the Second Floor of the

American National Insurance Company Building

One Moody Plaza

Galveston, Texas 77550

INTRODUCTION

The Board of Directors (referred to in this proxy statement as the Board or the Board of Directors) of AMERICAN NATIONAL INSURANCE COMPANY, a Texas insurance company (sometimes referred to in this proxy statement as the Company, American National, or as we, us and our), is soliciting your proxy for use at the Annual Meeting of Stockholders of the Company to be held at 8:30 a.m. local time, on April 26, 2019 (the Annual Meeting), and at any adjournment thereof. At such meeting, the stockholders will consider and vote upon the items set forth in the attached Notice of Annual Stockholders Meeting. These proxy materials will be available on the Internet at the following website: <https://materials.proxyvote.com/028591>.

ATTENDANCE AT THE ANNUAL MEETING

Attendance at the Annual Meeting is limited to holders of our Common Stock at the closing of business on the record date, March 4, 2019, or their legal proxy holders, and the Company's officers and invited guests. All stockholders who would like to attend the meeting must be able to provide proof of ownership of the Company's common stock as of the record date. Such proof can include a proxy card, a legal proxy or voting instruction card from a broker, bank or other nominee, or a brokerage or bank statement evidencing stock ownership as of the record date. Attendees may be asked to present a form of photo identification at the meeting, such as a valid driver's license or passport.

INFORMATION CONCERNING PROXY

All shares represented by duly executed proxies received by the Company will be voted in accordance with the instructions shown thereon. If no contrary instructions are given, such proxies will be voted **FOR** the election as directors of the Company of each of the director nominees named under Proposal 1, **FOR** the advisory approval of the compensation of our executive officers as disclosed in this proxy statement, and **FOR** the approval of KPMG LLP as

auditors for 2019. The Board of Directors does not know of any other matters to be acted upon at the Annual Meeting. As to any other matter of business that may properly be brought before the Annual Meeting, the enclosed proxy also confers discretionary authority upon the persons named therein to vote the shares represented by such proxy in accordance with their best judgment.

Any stockholder giving a proxy may revoke it by notice in writing addressed to the Secretary of the Company at One Moody Plaza, Galveston, Texas 77550, or by a proxy bearing a later date and properly signed, which may be delivered personally or by mail to the Secretary of the Company prior to the taking of a vote at the Annual Meeting. The execution of a proxy will not affect a stockholder's right to attend the Annual Meeting and to give the Secretary of the Company notice of such stockholder's intention to vote in person, in which event the proxy will not be used.

All costs of preparing, assembling and distributing the proxy materials and the cost of solicitation will be paid by the Company. The Company may pay persons holding shares in their names or the names of their nominees for the benefit of others, such as brokerage firms, banks, depositories, and other fiduciaries, for costs incurred in forwarding soliciting materials to their beneficial owners. The Company has retained Broadridge Financial Solutions, Inc., Edgewood, New York, to distribute proxies. The aggregate cost of these services is not expected to exceed \$32,000. The Company may also retain other firms or individuals to assist with the solicitation of proxies. Copies of this proxy statement are expected to be distributed beginning on April 3, 2019.

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VOTING SECURITIES

As of the close of business on March 4, 2019, which has been fixed as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting, there were 26,887,200 shares of common stock, \$1.00 par value per share, of the Company (the Common Stock) issued and outstanding and entitled to vote at the meeting. There were no other classes of shares issued and outstanding. A list of registered stockholders eligible to vote may be examined during business hours at the office of the Company's Secretary, Eighth Floor, American National Insurance Company Building, One Moody Plaza, Galveston, Texas, during the ten day period immediately prior to the meeting, and it will also be available at the meeting.

Each share of Common Stock entitles the holder to one vote in the determination of all matters to be brought before the meeting. Abstentions and broker non-votes will be counted for the purpose of determining the presence or absence of a quorum, and abstentions will be counted for the purpose of determining the number of votes cast on a given proposal. However, broker non-votes will not be considered present at the Annual Meeting with respect to such proposals and will have the practical effect of reducing the number of affirmative votes required to achieve a majority vote by reducing the total number of shares from which a majority is calculated. Any shares for which a broker or nominee does not have discretionary voting authority under applicable NASDAQ Stock Market, LLC (NASDAQ) rules will be considered as shares not entitled to vote and will not be considered in the tabulation of the votes. Votes cast at the Annual Meeting will be counted by the independent inspector(s) of election appointed by the Company.

The required vote for each of the proposals expected to be acted upon at the Annual Meeting is as follows:

Proposal 1 Election of Directors. The affirmative vote of a majority of the shares present at the Annual Meeting, in person or by proxy, and entitled to vote is required to elect each nominee for director. Abstentions with respect to any director nominee will have the effect of a vote against such nominee.

Proposal 2 Advisory (non-binding) vote on executive officer compensation (say-on-pay). The advisory proposal will be approved if a majority of the shares present at the Annual Meeting, in person or by proxy, and entitled to vote are voted in favor of the proposal. Abstentions will have the effect of a vote against the proposal.

Proposal 3 Ratification of the appointment of KPMG LLP as auditors for 2019. The appointment of KPMG LLP as the

Company's auditors for 2019 will be ratified by the affirmative vote of a majority of shares present at the Annual Meeting, in person or by proxy, and entitled to vote. Abstentions will have the effect of a vote against the proposal.

Please note that NASDAQ rules do not give brokers discretionary authority to vote on the election of directors or on the say-on-pay advisory proposal. This means that your broker, bank, or other nominee cannot vote your shares on such matters unless you provide it with voting instructions. Therefore, if you hold shares of our Common Stock in street name and do not provide voting instructions to your broker, bank, or other nominee, your shares will not be voted on the election of directors or on the say-on-pay advisory proposal.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth information as of March 4, 2019, except as otherwise noted, concerning each person or group known to own more than five percent of the outstanding shares of our Common Stock.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
THE MOODY FOUNDATION ⁽¹⁾		
2302 Postoffice Street, Suite 704	6,116,316	22.75%
Galveston, Texas 77550		
MOODY NATIONAL BANK ⁽²⁾		
(as trustee or agent of the Libbie Shearn Moody Trust and other accounts)		
2302 Postoffice Street		
Galveston, Texas 77550		
LIBBIE SHEARN MOODY TRUST ⁽³⁾	9,949,585	37.00%
OTHER ACCOUNTS ⁽⁴⁾	3,244,427	12.07%
Total	13,194,012	49.07%

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(1) The Moody Foundation is a charitable trust classified as a private foundation established in 1942 by W. L. Moody, Jr., and his wife, Libbie Shearn Moody, for charitable and educational purposes. Its Trustees are Frances A. Moody-Dahlberg and Ross R. Moody, two of our directors, and Elizabeth L. Moody. Frances A. Moody-Dahlberg and Ross R. Moody are children of Robert L. Moody, Sr., our Chairman Emeritus, who served as our Chairman and Chief Executive Officer for many years. Elizabeth L. Moody is the daughter of Ross R. Moody. The beneficial ownership information shown for The Moody Foundation is based on information contained in an amended Schedule 13G filed by it on January 31, 2019. The percentage of ownership shown in the table is based on the number of shares of our Common Stock outstanding at the close of business on March 4, 2019.

(2) Management has been advised that Moody Bank Holding Company, Inc. (MBHC), which is wholly-owned by Moody Bancshares, Inc. (Bancshares), owns approximately 97.8% of the common stock of Moody National Bank. Management has further been advised that the Three R Trusts, trusts created by Robert L. Moody, Sr. for the benefit of his children, own 100% of Bancshares Class B Stock (which elects a majority of Bancshares directors) and 50.3% of Bancshares Class A Stock. Accordingly, the Three R Trusts, through ownership of Bancshares, control Moody National Bank. The Trustee of the Three R Trusts is Irwin M. Herz, Jr., one of our directors, and a partner in Greer, Herz & Adams, L.L.P., One Moody Plaza, 18th Floor, Galveston, Texas, General Counsel to us and counsel to Moody National Bank, Bancshares and MBHC.

The beneficial ownership information shown for Moody National Bank is based on information contained in an amended Schedule 13G filed jointly on February 1, 2019 by the Moody National Bank Trust Division, Bancshares, MBHC, Three R Trusts, and Irwin M. Herz, Jr. (the Amended 13G). The percentage of ownership shown in the table is based on the number of shares of our Common Stock outstanding at the close of business on March 4, 2019. According to the Amended 13G, as of December 31, 2018, Moody National Bank, Bancshares and MBHC have shared voting power with respect to 13,194,012 shares of our Common Stock and shared dispositive power with respect to 1,072,868 shares of our Common Stock; the Three R Trusts and Irwin M. Herz, Jr. have shared voting power with respect to 13,203,562 shares of our Common Stock and shared dispositive power with respect to 1,082,418 shares of our Common Stock; and Irwin M. Herz, Jr. has sole voting power with respect to 19,325 shares of our Common Stock and sole dispositive power with respect to 19,325 shares of our Common Stock. According to the Amended 13G, Bancshares, MBHC, Three R Trusts and Irwin M. Herz, Jr. disclaim beneficial ownership with respect to the shares of our Common Stock beneficially owned by Moody National Bank. In addition, Irwin M. Herz, Jr. disclaims beneficial ownership with respect to the 9,550 shares of our Common Stock beneficially owned by the Three R Trusts. The principal address of Bancshares and MBHC is 2302 Postoffice, Galveston, Texas 77550. The principal address of the Three R Trusts is 2302 Postoffice, Suite 702, Galveston, Texas 77550, and the principal address of Irwin M. Herz, Jr. is One Moody Plaza, 18th Floor, Galveston, Texas 77550.

(3) The Libbie Shearn Moody Trust is a split-interest trust with both charitable and non-charitable beneficiaries. It was established in 1943 and funded by a residuary bequest under the Will of Libbie Shearn Moody. Moody National Bank is the Trustee of the Libbie Shearn Moody Trust and, as such, has voting power with respect to the shares of our Common Stock owned by the trust. Robert L. Moody, Sr. is the remaining life income beneficiary of the Libbie Shearn Moody Trust. Robert L. Moody, Sr. has advised management that he has assigned all of his life income interest in such trust to National Western Life Insurance Company, a Colorado insurance company controlled by him. Management has also been advised that the Libbie Shearn Moody Trust will terminate following the death of Robert L. Moody, Sr., and that upon such termination approximately 79% of our Common Stock held in the trust is to be distributed to The Moody Foundation, and the remaining portion is to be distributed to Moody Memorial First United Methodist Church in Galveston, Texas.

- (4) According to the Amended 13G, Moody National Bank acts as (i) trustee for and votes the 1,155,000 shares of our Common Stock owned by the W. L. Moody, Jr. Trust for Grandchildren (Trust 19) (see Footnote 4 under Security Ownership of Directors and Executive Officers below for additional information regarding Trust 19); (ii) agent for and votes 896,678 shares of our Common Stock held pursuant to an Agency and Investment Services Agreement for the benefit of The Moody Endowment, a non-profit corporation; and (iii) trustee or agent for and votes the 1,192,749 shares of our Common Stock owned by other trust, agency and custodian accounts.

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The information contained in the following table is given with respect to the ownership of our Common Stock as of the close of business on March 4, 2019 by each of our directors and director nominees, each of the executive officers named in the Summary Compensation Table in the Compensation Tables section below, and for our directors and executive officers as a group:

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership⁽¹⁾		Percent of Class
William C. Ansell	2,250	Direct	*
	78,375	Indirect ⁽²⁾	*
Arthur O. Dummer	6,324	Direct	*
Irwin M. Herz, Jr. ⁽³⁾	19,325	Direct	*
E. Douglas McLeod	20,750	Direct	*
Frances A. Moody-Dahlberg ⁽⁴⁾	3,187	Direct	*
	6,116,316	Indirect ⁽⁵⁾	22.75%
Ross R. Moody ⁽⁴⁾	2,790	Direct	*
	6,116,316	Indirect ⁽⁵⁾	22.75%
James P. Payne	1,187	Direct	*
E. J. Pederson	2,302	Direct	*
James E. Pozzi	21,797	Direct ⁽⁶⁾	*
James D. Yarbrough	13,250	Direct	*
Timothy A. Walsh	6,964	Direct	*
David A. Behrens	1,792	Direct	*
Hoyt J. Strickland	4,104	Direct	*
J. D. Johnson	3,613	Direct	*
All Directors ⁽⁷⁾ and Executive Officers as a Group	119,641	Direct	0.445%
	6,203,443	Indirect	23.072%
	6,323,084		23.517%

* Less than 1%.

(1) All of the named beneficial owners have sole voting power and sole investment power as to all the shares shown to be directly beneficially owned by them, with the exception of shares that may be owned jointly with their spouses.

(2) Shares owned by spouse.

(3) According to the Amended 13G, Mr. Herz may be deemed to have beneficial ownership of the shares of our Common Stock beneficially owned by Moody National Bank and the Three R Trusts; however, Mr. Herz disclaims beneficial ownership of such shares. Accordingly, such shares are not included in this table. (See Footnote 2 under Security Ownership of Certain Beneficial Owners above for information regarding the Amended 13G).

(4) Robert L. Moody, Sr. is the remaining life income beneficiary of Trust 19. Directors Frances A. Moody-Dahlberg and Ross R. Moody, as children of Robert L. Moody, Sr., have a contingent residuary interest in his beneficial interest in Trust 19. The numbers in the table above and in the table immediately below under Security

Ownership of Advisory Directors do not include shares held in Trust 19. (See Footnote 4 under Security Ownership of Certain Beneficial Owners above for additional information about Trust 19).

- (5) These shares are owned by The Moody Foundation, of which Frances A. Moody-Dahlberg and Ross R. Moody are Trustees. (See Security Ownership of Certain Beneficial Owners above).
- (6) Includes 10,000 shares of our restricted stock.
- (7) Includes our Advisory Directors, whose security ownership is described in the next section below.

SECURITY OWNERSHIP OF ADVISORY DIRECTORS

The information contained in the following table is given with respect to the ownership of our Common Stock as of the close of business on March 4, 2019 by each of our advisory directors.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership ⁽¹⁾		Percent of Class
R. Eugene Lucas	8,752	Indirect ⁽²⁾	*
Russell S. Moody ⁽³⁾	6,562	Direct	*

* Less than 1%.

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- (1) All of the named beneficial owners have sole voting power and sole investment power as to all the shares shown to be directly beneficially owned by them.
- (2) Shares owned by family trust.
- (3) Robert L. Moody, Sr. is the remaining life income beneficiary of Trust 19. Russell S. Moody, as a son of Robert L. Moody, Sr., has a contingent residuary interest in his father's beneficial interest in Trust 19. The numbers in the tables above and immediately below do not include shares held in Trust 19. (See Footnote 4 under "Security Ownership of Certain Beneficial Owners" above for additional information about Trust 19).

Unless otherwise noted, the information shown in the previous three tables was obtained from ownership disclosures furnished to us by each of the persons or entities listed or from other communications with such persons or entities.

PROPOSAL 1.

ELECTION OF DIRECTORS

Ten (10) directors of the Company are to be elected at the Annual Meeting to serve until our Annual Meeting of Stockholders to be held in April 2020. All nominees now serve as directors of the Company and have consented to be nominated as directors and to be named in this proxy statement. Accordingly, it is not contemplated that any nominee named herein will be unwilling or unable to serve as a director. However, if either of such events should occur, the enclosed proxy permits the persons named in the proxy to vote the shares represented by the proxy in favor of such person or persons as our Board of Directors may nominate upon the recommendation of the Nominating Committee.

The Board has determined that William C. Ansell, Arthur O. Dummer, E. Douglas McLeod, James P. Payne, E. J. Pederson and James D. Yarbrough are independent as defined in the NASDAQ listing standards.

Board Recommendation: The Board of Directors recommends a vote FOR each of the director nominees named under this Proposal 1.

INFORMATION CONCERNING NOMINEES FOR DIRECTORS

The following information is given with respect to the nominees for election at the Annual Meeting:

William C. Ansell, CPA (age 61) has been a member of our Board since February 2015. Principal Occupation: Partner of Ham, Langston & Brezina, LLP (accounting firm), Houston, Texas, since December 2015; Vice President and Shareholder of DRDA, PLLC (accounting firm), Galveston, Texas, from 2001 to December 2015. Member of Tremont Street Financial Group, LLC (wealth management and accounting services), Galveston, Texas since 2012; Treasurer of Ducks Unlimited de Mexico (non-profit conservation organization) since 2012; Past Director of Moody National Bank.

Mr. Ansell is a certified public accountant and brings to our Board his thirty-eight years of experience in auditing, tax, and business and personal consulting. Mr. Ansell also holds a Series 66 (securities agent and investment adviser representative) license and a Texas general lines insurance agent's license, which further enhance the experience and expertise he brings to our Board.

Arthur O. Dummer (age 85) was first elected to our Board in 2004. Principal Occupation: President, The Donner Company (privately owned actuarial consulting company), Salt Lake City, Utah since 1985. Past Chairman of the Board of Directors of the National Organization of Life and Health Guaranty Associations, Herndon, Virginia; Past Director of: American Community Mutual Insurance Company, Livonia, Michigan (mutual insurance company); American Underwriters Insurance Company; Casualty Underwriters Insurance Company, Salt Lake City, Utah;

Beneficial Life Insurance Company, Salt Lake City, Utah; Aurora National Life Assurance Company, Los Angeles, California; Continental Western Life Insurance Company, Des Moines, Iowa; Utah Home Fire Insurance Company, Salt Lake City, Utah; and PHA Life Insurance Company, Portland, Oregon (all privately owned insurance companies); Past Director of National Western Life Insurance Company, Austin, Texas.

Mr. Dummer is a Fellow of the Society of Actuaries and a Member of the American Academy of Actuaries. He has fifty-nine years of experience in the insurance industry, including service as the former Chief Examiner and Actuary of the Utah Insurance Department. His extensive background in the insurance industry and his knowledge of actuarial and accounting issues are highly valued by our Board.

Irwin M. Herz, Jr. (age 78) was appointed as a director by our Board in July 2018, upon the increase in the size of our Board to ten directors. He served as an advisory director to our Board from 2004 until such appointment, and as a director from 1981 to 1983 and from 1984 to 2004. Principal Occupation: Since 1980, Partner of Greer, Herz & Adams, L.L.P., General Counsel to the Company; Trustee of the Three R Trusts (trusts for the benefit of the children of Robert L. Moody, Sr.).

Mr. Herz's service as a director of numerous insurance companies, including over thirty-five years on our Board, has provided him with extensive knowledge of the insurance industry. In addition, his background and experience as a corporate and commercial lawyer provides a wealth of knowledge and problem-solving skills to the Board.

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E. Douglas McLeod (age 77) was appointed as a director by our Board in July 2018, upon the increase in the size of our Board to ten directors. He served as an advisory director to our Board from 2004 until such appointment, and as a director from 1984 to 2004. Principal Occupation: Chairman and Director of Moody Gardens, Inc. (charitable corporation); Attorney; Past Director of Development of The Moody Foundation (charitable and educational foundation) from 1982 to 2013 (retired); Director of National Western Life Group, Inc. (insurance holding company), Austin, Texas, since 2015; Director of National Western Life Insurance Company, Austin, Texas, from 1979 to 2015; Vice President and Director of Colonel Museum, Inc. (charitable organization); Director of American National County Mutual Insurance Company (subsidiary insurance company); Past Director and past Chairman of Center for Transportation and Commerce (charitable organization); Past Director, Chairman of the Audit Committee, and Executive Committee Member, South Texas College of Law Houston (law school); Past Member of State House of Representatives of the State of Texas (terms ended January 1983).

Mr. McLeod has experience as a lawyer and public servant, including as a state legislator, as well as experience in real estate development and non-profit administration. He brings a varied perspective and set of problem-solving skills and valuable insight to the Board.

Frances A. Moody-Dahlberg (age 49) was first elected to our Board in 1987. Principal Occupation: Executive Director of The Moody Foundation (charitable and educational foundation) since 1998, and a Trustee of The Moody Foundation since 2004; Director of National Western Life Group, Inc., Austin, Texas, since 2015; Director of National Western Life Insurance Company, Austin, Texas, from 1990 to 2015; Director of The Moody Endowment and Transitional Learning Center at Galveston (charitable organizations) since 2012; Director of Gal-Tex Hotel Corporation (hotel management corporation) from March 2000 to December 2003.

Ms. Moody-Dahlberg has over thirty years of experience as a member of our Board. As Executive Director of The Moody Foundation, one of the largest charitable foundations in the State of Texas, she provides insight regarding the concerns of our significant non-profit stockholders.

Ross R. Moody (age 56) has been a member of our Board since November 2016 and Chairman of the Board since April 2017. Principal Occupation: President and Chief Executive Officer of National Western Life Group, Inc., Austin, Texas, since 2015; Chief Executive Officer of National Western Life Insurance Company, Austin, Texas, since 2015; President and Chief Operating Officer of National Western Life Insurance Company from 1992 to 2015; and a Trustee of The Moody Foundation since 1987. Director of The Moody Endowment and Transitional Learning Center at Galveston (charitable organizations) since 2012; Director of Moody National Bank since 2018.

Mr. Moody has served as an insurance company executive for approximately twenty-seven years. His knowledge and experience is valuable to our Board's discussions of operational and strategic matters.

James P. Payne (age 74) has been a member of our Board since February 2015. Principal Occupation: Retired Senior Vice President Secretary, National Western Life Insurance Company, Austin, Texas, and officer and director of various of its subsidiary companies, 1998 to February 2015.

Mr. Payne has over forty years of experience in the insurance industry, primarily as chief legal officer for various insurance companies. His extensive industry knowledge, government relations background, and significant experience with corporate governance are an asset to our Board.

E. J. Jere Pederson (age 71) was first elected to our Board in 2014. Principal Occupation: Managing Director of CitareTx Management, LLC (manager of medical device venture development and investment company) since 2007; Special Assistant to the Chief Executive Officer, Texas A&M Health Science Center from October 2013 to June 2014;

Interim President, Texas A&M Health Science Center and Interim Vice Chancellor for Health Affairs, Texas A&M University System from October 2012 to October 2013; independent management consultant from September 2006 to October 2012; Executive Vice President and Chief Operating Officer of the University of Texas Medical Branch, Galveston, Texas, from 1986 to 2005; Director since 2015 and member of the Audit Committee and the Compensation and Stock Option Committee of National Western Life Group, Inc., Austin, Texas; Director of National Western Life Insurance Company, Austin, Texas, since 1992; Director of The Sealy & Smith Foundation, Galveston, Texas (charitable organization) since December 2010.

Mr. Pederson brings to our Board the benefit of his financial and administrative expertise gained through more than thirty years of experience in health care and university administration.

James E. Pozzi (age 68) was first elected to our Board in 2012. Principal Occupation: President and Chief Executive Officer of the Company since May 2015; Chairman of the Board from February 2016 to April 2017; President and Chief Operating Officer from May 2012 to May 2015; Senior Executive Vice President, Chief Administrative Officer from 2008 to May 2012; Senior Executive Vice President, Corporate Planning, Systems and Life Administration from 2004 to 2008; Executive Vice President, Corporate Planning & Development from 1996 to 2004; also a director and/or officer of various Company subsidiaries.

Mr. Pozzi has been an officer of the Company for over forty-six years. His past service in various senior management roles and his current service as President and Chief Executive Officer have provided him with intimate knowledge of the financial services industry and our operations.

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James D. Yarbrough (age 63) was first elected to our Board in 2001. Principal Occupation: Mayor of the City of Galveston, Texas since May 2014; Owner and Consultant, James D. Yarbrough & Co., from October 2011 to May 2014, and October 1989 through December 1994 (privately owned contract management and financial consulting firm); Chairman of Galveston Industrial Development Corporation since May 2014 (municipal government body with responsibility for allocation of certain sales tax revenues); Member of Board of Trustees of the Port of Galveston since May 2014; Director of Economic Development, City of Galveston, Texas, February 2011 through September 2011; County Judge, County of Galveston, Texas, 1995 through 2010; Director and Member of the Governance and Executive Committees of American National Life Insurance Company of New York, and director of American National Property and Casualty Company, Farm Family Life Insurance Company, Farm Family Casualty Insurance Company, and United Farm Family Insurance Company (subsidiary insurance companies).

Mayor Yarbrough has management experience in both the private and public sectors, including his current service as the Mayor of the City of Galveston and sixteen years as the chief executive of the County of Galveston. In the private sector, he has served as a bank president, owner of a business consulting firm, and director of numerous interests. This varied experience in the public and private sectors makes him a valuable contributor to the Board's deliberations.

INFORMATION CONCERNING ADVISORY DIRECTORS

The Board of Directors has appointed the following advisory directors, who serve at the pleasure of the Board. Although advisory directors are not entitled to vote on matters considered by the Board or otherwise manage or direct the affairs of the Company, we benefit from their experience and advice. Advisory directors receive the same compensation and benefits as our directors who are not also our officers.

R. Eugene Lucas (age 93) was first appointed as an advisory director in 2004, having previously served as a director from 1981 to 2004. Principal Occupation: Since 1971, President and Director of Gal-Tex Hotel Corporation (hospitality and hotel management company); President of Gal-Tenn Hotel Corporation, LHH Hospitality, LLC, Colorado Landmark Hotels, LLC, Kentucky Landmark Hotels, LLC, and Virginia Landmark Hotels, LLC (hospitality and hotel management companies); Director of Colonel Museum, Inc. (charitable corporation); President and Director of 1859-Beverage Company (hospitality company).

Mr. Lucas has served on our Board for over thirty-five years, including twenty-three years as a member of our Audit Committee. In addition, Mr. Lucas provides our Board with the perspective of an experienced and knowledgeable executive officer outside of the insurance industry. He has been associated with Gal-Tex Hotel Corporation since 1941, including over forty years as its President.

Russell S. Moody (age 57) was first appointed as an advisory director in 2016, having previously served as a director since 1986. Principal Occupation: Investments, League City, Texas, since 2003. Advisory Director of National Western Life Group, Inc. since 2017 and director from 2015 to 2017; Director of National Western Life Insurance Company, Austin, Texas, from 1988 to 2015; Director of The Moody Endowment and Transitional Learning Center at Galveston (charitable organizations) since July 2009; Director of Gal-Tex Hotel Corporation (hotel management company) from March 2000 to December 2003.

Mr. Moody has served as a member of our Board for over thirty years. Along with his sister, Frances A. Moody-Dahlberg, Mr. Moody helps to represent the concerns of our significant non-profit stockholders. Mr. Moody serves as a director of The Moody Endowment, a charitable organization that owns nearly 900,000 shares of our Common Stock.

RELATIONSHIPS AMONG DIRECTORS, ADVISORY DIRECTORS AND CERTAIN ENTITIES

Company director Ross R. Moody and advisory director Russell S. Moody are brothers and the half-brothers of Company director Frances A. Moody-Dahlberg. Director E. Douglas McLeod is the uncle of Frances A. Moody-Dahlberg and the step father-in-law of director William C. Ansell. The Moody Foundation owns 34.0% and the Libbie Shearn Moody Trust owns 50.2% of Gal-Tex Hotel Corporation. National Western Life Insurance Company is a subsidiary of National Western Life Group, Inc., a publicly traded corporation controlled by Robert L. Moody, Sr. According to a Schedule 13D filed with the SEC by Moody National Bank on June 15, 2016, Robert L. Moody, Sr. executed a statutory durable power of attorney that authorizes Moody National Bank to vote the shares of National Western Life Group, Inc. owned by him.

DIRECTOR ATTENDANCE AT MEETINGS

During the year ended December 31, 2018, the Board of Directors of the Company held a total of six (6) meetings. All of the directors and all of the advisory directors attended at least 75% of the aggregate of (1) the total number of such meetings and (2) the total number of meetings held by all committees of the Board on which such directors served during such year. It is the Company's policy that all directors should make an effort to attend the Company's annual meeting of stockholders. All members of the Board of Directors except for one director and one advisory director attended the 2018 Annual Meeting.

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BOARD OF DIRECTORS AND COMMITTEES

Board Leadership Structure

The Board does not have a requirement that the roles of Chief Executive Officer and Chairman of the Board be either combined or separated. Currently, James E. Pozzi serves as our Chief Executive Officer, and Ross R. Moody serves as our Chairman of the Board. At the present time, the Board believes the separation of these roles provides enhanced opportunities for discussion and evaluation of management decisions, which improves the ability of the Board to oversee management and exercise leadership. The Board retains the authority to change its leadership structure if it determines that its responsibilities can be better fulfilled with a different approach.

The Board's Role in Risk Oversight

The Company is exposed to a number of risks and undertakes enterprise risk management reviews to identify and evaluate these risks and to develop plans to manage them effectively. Two committees lend support directly to the Board in overseeing the Company's consideration and management of material risks. First, the Audit Committee assists the Board of Directors in its oversight of enterprise risk management activities by reviewing and discussing with management all significant enterprise risks and evaluating the processes by which risk assessment and risk management are undertaken. These processes address our major risk exposures and the steps management has taken to monitor and mitigate these risks. Second, the Management Risk Committee coordinates the risk management efforts that occur within our business segments to ensure alignment between our risk-taking activities and strategic objectives and ensure consistent application of enterprise risk management processes across all business units. The Management Risk Committee provides reports at each regular meeting of the Board of Directors concerning the Company's risk management, which may cover risk identification, risk limits and related monitoring, returns on risk-adjusted capital, and information related to the development of the Company's enterprise risk management program. The Management Risk Committee is comprised of several members of our senior management team and is chaired by our Chief Corporate Risk Officer.

The Board has assigned oversight of the Company's cybersecurity risk management program to the Audit Committee. Our Chief Information Officer reports to the Audit Committee at each of its regular meetings regarding management's ongoing analysis and management of cybersecurity risks. Such reports cover various matters, such as risk assessment, applicable cybersecurity laws and regulations, the results of annual security testing performed by a third-party firm, discussion of industry standards and best practices, employee training and education, and the implementation and operation of the Board-approved Enterprise Information Security Policy and Information Security Incident Response Plan. Audit Committee members and our Chief Information Officer keep the full Board apprised of any significant information security matters throughout the year. Additionally, our Chief Information Officer provides an update to the full Board at least annually to review the Board's cybersecurity responsibilities and to ensure each Board member is aware of information security risks, mitigation strategies and activities or events that occurred since the last update.

Additionally, several other committees and management groups support enterprise risk management activities, including our Board Compensation Committee, which considers risks that may result from our compensation policies and practices. The Board Compensation Committee works directly with senior management, and has in the past worked with its independent compensation consultant, to determine whether such policies and practices improperly encourage management to take risks relating to our business and whether risks arising from our compensation programs are likely to have a material adverse effect on the Company.

Independent Directors and Executive Sessions

The Board has determined, after considering all of the relevant facts and circumstances, that William C. Ansell, Arthur O. Dummer, E. Douglas McLeod, James P. Payne, E. J. Pederson and James D. Yarbrough are independent from management in accordance with the NASDAQ listing standards. To be considered independent, the Board must determine that a director nominee does not have any direct or indirect material relationship that would interfere with his or her exercise of independent judgment in carrying out the responsibilities of a director. In making this determination, the Board considered that (1) E. J. Pederson serves as an independent director of National Western Life Group, Inc. and National Western Life Insurance Company, (2) James P. Payne is a retired officer of National Western Life Insurance Company and receives certain retirement benefits from such company, and (3) E. Douglas McLeod has family relationships with certain other members of the Board, as described in the Relationships Among Directors, Advisory Directors and Certain Entities section above. The Board determined that such relationships do not impair the independence of these director nominees.

Our independent directors meet in executive session at least twice per year. We do not have a lead independent director.

Board Committees

The Company's Board has an Audit Committee, a Compensation Committee, a Nominating Committee and an Executive Committee. The Compensation Committee of the Board of Directors is referred to herein as the Board Compensation Committee to distinguish it from the Management Compensation Committee (described further in the Approach for Determining Form and Amount

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of Compensation section of the Compensation Discussion and Analysis below). The Board has determined that all of the members of the Audit Committee, the Board Compensation Committee and the Nominating Committee are independent in accordance with the NASDAQ listing standards and applicable independence requirements under the Securities Exchange Act of 1934, as amended (the Exchange Act).

The Board of Directors has adopted written charters for the Audit Committee, the Board Compensation Committee and the Nominating Committee. Each of these committees reviews the adequacy of its charter annually. These charters are posted on the Company's website at the following address:

<https://www.americannational.com/wps/portal/amnat/investor-relations-and-news/corporate-governance>

Stockholders may also obtain a printed copy of the committee charters at no charge by writing to the office of the Secretary at One Moody Plaza, Galveston, Texas 77550.

Audit Committee

All of our independent directors other than Mr. McLeod serve on the Audit Committee, of which Mr. Dummer is Chairman. The Board has determined that Mr. Dummer is the financial expert on the Audit Committee, as defined by NASDAQ listing standards and by the Exchange Act. The Audit Committee held thirteen meetings during 2018. The Audit Committee is responsible for the following, among other matters:

The appointment, compensation and oversight of the work of our independent auditors, including the plan and scope of the audit and reviewing and confirming the independence of the auditors. The Audit Committee annually evaluates the performance of and whether to change our independent auditing firm or audit team personnel based on relevant facts known to the Audit Committee, such as the qualifications of the auditors, the quality of services performed, planning and staffing of the audit, management's opinion of the independence of the auditing firm, length of tenure, factors having the potential to impact objectivity, compliance with regulatory requirements, any reported issues regarding the firm's internal controls or audits of other companies, and the firm's efficiencies and relevant expertise regarding our business. The Audit Committee conducts regular executive sessions with the independent auditors.

Consideration of the effectiveness of our system of internal controls over financial reporting. The Audit Committee regularly considers and reviews with management, the independent auditors and senior internal audit staff the effectiveness of our internal controls over financial reporting, disclosure controls and procedures, disclosures about such controls, and our safeguarding of assets.

Oversight of the internal audit function. The Audit Committee has supervisory authority for and oversight of our internal audit function, which the Audit Committee regularly reviews and discusses with management and the independent auditors. The Audit Committee annually reviews and approves the internal audit work plan and receives quarterly reports on internal audit activities from senior internal audit staff. As necessary, the Audit Committee appoints or removes our senior internal audit executive and approves the annual compensation of such executive. The Audit Committee conducts regular executive sessions with senior internal audit staff.

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