



# SCHIFF'S

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INSURANCE OBSERVER

## David D'Alessandro's Declaration of Independence

### John Hancock's CEO

David D'Alessandro, chairman and CEO of John Hancock Financial Services, sits in his corner office on the 59<sup>th</sup> floor of the I. M. Pei-designed John Hancock Tower in Boston and looks out the floor-to-ceiling glass panels. He's got the best view in Boston. Reporters who have interviewed David in his memorabilia-filled office describe the view as "panoramic," "spectacular," and "breathtaking." Reporters work in cluttered newsrooms.

If David's life had taken a different turn, he might have worked in a newsroom. He was once a newspaperman of sorts: editor of *The Tangerine*, the student paper at Utica College. David graduated in 1972 with a degree in journalism and public relations.

David looks out the window. Boston is beneath him. David says it's a "rich, sophisticated city with a thriving cultural life, that is nonetheless highly suspicious of material display." David is a material sort of guy. He raked in \$21.7 million from John Hancock last year. It made headlines. He got more than the CEO of any other life-insurance company; more than a bunch of CEOs put together.

David grew up in Utica, a minor-league town. Boston is the major leagues. David recently bought a piece of the Boston Red Sox.

David gazes out the window. The CEO of John Hancock is always a big deal in Boston, but David is a bigger deal than his predecessors. He's the most powerful guy in Boston. He spreads a lot of money around.

David thinks he's shrewd. Says he took a "sleepy old brand" and "spear-headed the dramatic reinvention that led *The New York Times* to list John Hancock as one of the top 100 brands of

the twentieth century." Hancock sponsors the Boston Marathon, the Olympics, and Major League Baseball. Year after year *The Sporting News* names David one of the "100 Most Powerful People in Sports."

Power. "The objective of my life has always been very simple," David tells a reporter who ventures up to the 59th floor. "I want the fewest people in a position where they can make me do something I don't want to do." Big money can buy that.

David sees Beacon Hill from his window. He knows the complaints about his enormous compensation, but isn't apologizing. Says he deserved the money—that it was "a reward for value created at the IPO" and for "value sustained for three years." The IPO didn't create any value. Neither did David.

Sometimes David thinks about Utica, where he grew up in an apartment above his grandfather's grocery store. David tells a story about his childhood. The meat supplier sells the freshest meat to the super-

markets, then tries to unload the rotten meat on small grocers like his grandfather. David learns a lesson: if you don't want bad meat you have to go to the meatpacker yourself. David is four or five years old and he gets up at 5:00 a.m. twice a week and goes to the meatpacker with his grandfather. The meat lockers are so cold you can't smell if the meat is bad, but David has a special sense of taste: when he licks rotten meat he can feel the tingle of bacteria on his tongue. Twice a week David sticks out his tongue and licks cold pork butts. He licks a lot of rotten meat.

David looks out from his glass tower. His father was a compulsive gambler. Couldn't stop playing the horses. Got in deep with loan sharks and lost the grocery store. David has made a fortune off Hancock in the last few

years. He's loaded. David's father went to jail for passing a bad check.

Twenty-five years ago David was a PR flak. Now he's at the top of the Hancock Tower. You wouldn't have thought that by doing something anyone could do—converting John Hancock from a mutual to a stock company—that David would get \$100 million off the top. Massachusetts' law prohibits a mutual's director and officers from getting extra compensation for "aiding, promoting, or assisting" in a conversion. David got a big "incentive award" because Hancock "converted to a public company." He says the law doesn't apply to him.

The consumer advocates, insurance observers, and corporate-governance whiners can bring all the lawsuits they want. Fuck 'em. David's got Hale and Dorr, Debevoise & Plimpton, and Morgan Stanley on his side. John Hancock has deep pockets.

Most of John Hancock's policyholders got cashed out at a ridiculously low price when Hancock did the demutualization that set in motion the process that would make David \$100 million in three years. Those policyholders lost \$1.8 billion. David isn't sorry.

Hancock paid Morgan Stanley a lot of money and Morgan Stanley wrote an opinion that said the demutualization was "fair." Morgan Stanley is in the business of saying that these deals are fair. David is blunt. "Most investment bankers look alike," he says, "like hyper-groomed guys who flunked out of weather forecasting school."

David was supposed to take care of Hancock's policyholders. The policyholders are average Americans who aren't knowledgeable about insurance, finance, and demutualizations. Some of them work in small grocery stores. They trusted David to make sure they weren't cheated.

But don't complain to David. If those



policyholders didn't want to get cheated they should have licked the pork butt for themselves. Business is rough. It's combat.

David looks out the window. His book, *Career Warfare: 10 Rules for Building a Successful Personal Brand on the Business Battlefield*, will be published in January. ■■

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**THE ANNUAL**

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**INSURANCE CONFERENCE**

**WILL BE HELD**

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