

HARTFORD FINANCIAL SERVICES GROUP INC/DE
Form DEF 14A
April 07, 2016

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 Soliciting Material Under Rule 14a-12
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 Definitive Proxy Statement
 Definitive Additional Materials

The Hartford Financial Services Group, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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The Hartford Financial Services Group, Inc.

NOTICE OF 2016 ANNUAL MEETING OF SHAREHOLDERS

Date and Time

**Wednesday, May 18, 2016
12:30 p.m. EDT**

Location

**Wallace Stevens Theater at
The Hartford Financial Services Group, Inc.'s Home Office**

On behalf of the Board of Directors, I am pleased to invite you to attend the Annual Meeting of Shareholders of The Hartford Financial Services Group, Inc. to be held in the Wallace Stevens Theater at our Home Office, One Hartford Plaza, Hartford, CT 06155 at 12:30 p.m. EDT.

Voting Items

Shareholders will vote on the following items of business:

1. To elect a Board of Directors for the coming year;
2. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016;
3. To consider and approve, on a non-binding, advisory basis, the compensation of our named executive officers as disclosed in this proxy statement;
4. To select, on a non-binding, advisory basis, the preferred frequency for the advisory vote on named executive officer compensation; and
5. To act upon any other business that may properly come before the Annual Meeting or any adjournment thereof.

Record Date

You may vote if you were a shareholder of record at the close of business on March 21, 2016. The Hartford's proxy materials are available via the Internet, which allows us to reduce printing and delivery costs and lessen adverse environmental impacts.

We hope that you will participate in the Annual Meeting, either by attending and voting in person or by voting through other means. For instructions on voting, please refer to page 75 under "How do I vote my shares?"

We urge you to review the proxy statement carefully and exercise your right to vote.

Dated: April 7, 2016

By order of the Board of Directors,

Donald C. Hunt

Vice President and Corporate Secretary

VOTING

We hope that you will participate in the Annual Meeting, either by attending and voting in person or by voting through other means.

By internet

www.proxyvote.com

By toll-free telephone

1-800-690-6903

By mail

Follow instructions on your proxy card

In person

At the Annual Meeting

IMPORTANT INFORMATION IF YOU PLAN TO ATTEND THE MEETING IN PERSON:

Don't forget your ticket and government issued ID!

Shareholders can obtain an admission ticket and directions to the meeting by contacting our Investor Relations Department at:

Email: InvestorRelations@TheHartford.com

Telephone: (860) 547-2537

Mail: The Hartford

Attn: Investor Relations

One Hartford Plaza (TA1-1)

Hartford, CT 06155

If you hold your shares of The Hartford through a brokerage account (in "street name"), your request for an admission ticket must include a copy of a brokerage statement reflecting stock ownership as of the record date.

Please leave all cameras, recording devices and other electronic devices at home. You can also join

our meeting webcast at <http://ir.thehartford.com>.

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Q&A WITH OUR CHAIRMAN & CEO AND PRESIDING DIRECTOR

Q. What are your thoughts as you reflect on the year 2015 at The Hartford?

Chris Swift: First and foremost, I am proud of our employees for their commitment to disciplined execution of our long-term strategy. Despite an increasingly competitive market and a less favorable investment environment, we delivered strong financial results and increased our top line momentum. The Hartford's core earnings per diluted share* increased 15 percent; core earnings return on equity* rose to 9.2 percent from 8.4 percent; and book value per diluted share*(1) grew 7 percent. In addition, we returned \$1.6 billion of capital to shareholders in the form of dividends and share repurchases. At the same time, we invested in the operating capabilities and talent that are making us a broader, deeper risk player and a more efficient, customer focused company that can deliver sustained, profitable growth.

Tom Renyi: I share Chris's pride in the strong results delivered in 2015 and the commitment to executing on our long-term strategy. I know my fellow directors and I feel good about the collaborative dynamic we have with this management team on strategic initiatives, risk management, and attracting and retaining talent. We remain committed to protecting shareholder value through best-in-class governance practices and were very pleased to be recognized by the New York Stock Exchange in 2015 with an award for best governance, risk management and compliance program for a large cap company. We also continue to solicit and consider shareholder feedback on the company's governance programs. One of the major themes that emerged from the company's 2015 shareholder engagement program was the importance of a rigorous board evaluation process. We are responding to that feedback by further enhancing our disclosures and augmenting the evaluation process with individual director interviews on Board effectiveness led by me as the presiding director.

Q. Can you comment on your plans for 2016 and beyond?

Chris Swift: We're focused squarely on our market leading Property & Casualty, Group Benefits and Mutual Funds businesses. Our strategy for continuing to achieve profitable growth is based on what we call the "five pillars." The first pillar is product; we want to become a broader risk player by expanding our risk appetite and product offerings. The second pillar is distribution; our goal is to maximize the great distribution system that we enjoy today. Third is customer experience; putting the customer at the center of everything we do so that it is easier for the customer to

interact with the company. The fourth pillar is operating capabilities, most notably improving technology and data analytics, areas where we're making big investments. Finally, talent; we have over 17,000 very talented employees, but we're always looking to attract additional talent that would enhance our ability to compete in the marketplace. We believe that our focus on these areas will create long-term shareholder value by achieving continued improvement in our core earnings return on equity⁽²⁾ and generating total value creation, measured by dividends and growth in book value per diluted share⁽³⁾.

*Denotes financial measure not calculated in accordance with generally accepted accounting principles ("GAAP")

⁽¹⁾Excluding accumulated other comprehensive income ("AOCI")

⁽²⁾Excluding Talcott

⁽³⁾Excluding AOCI

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The Hartford Financial Services Group, Inc.

Tom Renyi: I would add that the Board continues to be very engaged in each of these strategic areas. At each Board meeting, we do a deep dive into one of the business segments and have a thoughtful discussion on strategy with that business' senior leader. We also hold an annual meeting with the extended leadership team where we spend two days discussing and evaluating the strategic priorities. Through these discussions, the Board is able to gain a deeper understanding of the company's long-term strategy, as well as test and challenge it as necessary. The result is a more refined strategic vision that is well understood and fully supported by the Board.

Q: What are your views on capital management?

Chris Swift: As we consider management of excess capital in the future, we will prioritize opportunities that accelerate our premium growth and operating capabilities. In the event we do not find opportunities that meet our strategic and financial objectives, we will continue to return excess capital to shareholders. As I mentioned, our primary focus continues to be on the profitable growth of our Property and Casualty, Group Benefits and Mutual Funds businesses, which have been strong generators of excess capital.

Tom Renyi: The Board has fully supported management's thoughtful approach to excess capital deployment in recent years. As we look ahead, we agree that placing a high priority on revenue generating opportunities is a sound approach in today's competitive environment.

Q. What are the challenges you expect to face in executing on your strategy and what are the risks that the Board is particularly focused on now?

Chris Swift: I'll describe the challenges and let Tom address the risks. While we enter 2016 with a strong foundation, we are very mindful of the challenges we face. Consolidation across our industry; IT challenges and opportunities; potential disruptors such as big data and autonomous cars; and new capital entering the market, all contribute to increasing competition. Despite these headwinds, we are confident that with a stable management team and a clear strategy, we can maintain our underwriting discipline, expense control and capital flexibility at a time when some of our industry peers are facing strategic or financial challenges.

Tom Renyi: The Board spends substantial time on risk management. The Hartford has an exceptional Enterprise Risk Management ("ERM") organization that has developed cutting edge tools and processes for the identification, assessment, and, when appropriate, response to internal and external risks to the company's operations and business objectives. Like most companies, we are particularly focused on cyber risks. The Board receives two formal standing reports on cyber each year, but the topic comes up more frequently than that. In addition to modeling the financial impacts of potential cyber events on The Hartford under various scenarios, The Hartford retains third parties to conduct cyber-attack simulations. These simulations use real-world scenarios and help The Hartford identify and address potential vulnerabilities and enhance response protocols.

Q. What is The Hartford's philosophy on community engagement and social responsibility?

Chris Swift: Character is central to our company's vision to be exceptional. We want to be known not only for our financial performance and our value to customers, but also for being the best neighbor we can be. Improving our communities is a big part of that. In 2015, the company and our employees contributed more than \$10 million to the community, giving through time, talent and donations. Our national philanthropic program, *Communities with HART*, reached more than 14,500 U.S. students in 2014-2015 as a title sponsor of Junior Achievement's *JA Company*

Program, which provides basic economic education for high school students, and dispersed 60 micro-finance loans to small business owners in four markets.

Tom Renyi: We're also committed to environmental stewardship – as an employer, insurer, investor, property owner and responsible corporate citizen. Our efforts have won a number of accolades over the years that we have highlighted in our proxy statement disclosures, but those accolades don't tell the full story of the incredible work and countless hours that go into our sustainability initiatives, which include everything from installing electric vehicle charging stations to support electric car use, switching to more fuel efficient fleet vehicles, reducing our paper consumption and even planting a community garden on The Hartford's campus. Each year, the company puts together, and the Board reviews, a comprehensive sustainability report, which is available on The Hartford's website and tells this larger story.

Q. Any final thoughts?

Tom Renyi: As stewards of the company, the Board is committed to helping The Hartford deliver superior returns for our shareholders and protecting that value over the long-term. I know I speak for the Board when I say what a privilege it is to serve this great company and its shareholders.

Chris Swift: We have a clear strategy, an experienced and stable management team, a powerful national distribution network, differentiated products and a brand that stands for strength and integrity. As we enter 2016, we remain focused on building strength as a larger player across a broader spectrum of risk, product, distribution and geography. In addition to the profitable growth of our businesses, I believe that our increased focus on the customer, process excellence and continuous improvement will drive greater operating efficiency and effectiveness and continue to create shareholder value in the future. I am proud of what we have accomplished in 2015 and I am confident in our ability to navigate this dynamic and competitive environment and continue to create shareholder value.

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Proxy Summary

PROXY SUMMARY

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

ITEM 1**ELECTION OF DIRECTORS The Board recommends a vote FOR each director nominee**

Each director nominee has an established record of accomplishment in areas relevant to overseeing our businesses and possesses qualifications and characteristics that are essential to a well-functioning and deliberative governing body.

Board Nominees

Name	Age	Director since	Experience	Independent		Current Committee Memberships ⁽¹⁾	Other Current Public Company Boards
				Yes	No		
Robert B. Allardice III	69	2008	Former regional CEO, Deutsche Bank Americas			Audit* FIRMCo	Ellington Residential Mortgage REIT GasLog Partners
Trevor Fetter	56	2007	President and CEO, Tenet Healthcare			Comp* FIRMCo	Tenet Healthcare
Kathryn A. Mikells	50	2010	CFO, Diageo plc			Audit FIRMCo	Diageo plc Alcoa
Michael G. Morris	69	2004	Former Chairman, President and CEO, American Electric Power Company			FIRMCo NCG	L Brands Spectra Energy Public Service Enterprise Group
Thomas A. Renyi ⁽²⁾	70	2010	Former Executive Chairman, Bank of New York Mellon; former Chairman and CEO, Bank of New York Company			Comp FIRMCo	Royal Bank of Canada VEREIT, Inc.
Julie G. Richardson	52	2014	Former Partner, Providence Equity Partners			Audit FIRMCo	
Teresa W. Roseborough	57	2015	Executive Vice President, General Counsel and Corporate Secretary, The Home Depot			FIRMCo NCG	
Virginia P. Ruesterholz	54	2013	Former Executive Vice President, Verizon Communications			Comp FIRMCo	Frontier Communications

				NCG Audit	
Charles B. Strauss	73	2001	Former President and CEO, Unilever U.S.	FIRMCo*	
Christopher J. Swift	55	2014	Chairman and CEO, The Hartford	NCG FIRMCo Comp	
H. Patrick Swygert	73	1996	President Emeritus and professor emeritus, Howard University	FIRMCo NCG*	United Technologies Corporation

* Denotes committee chairman

Full committee names are as follows:

Audit – Audit Committee

(1) Comp – Compensation and Management Development Committee

FIRMCo – Finance, Investment and Risk Management Committee

NCG – Nominating and Corporate Governance Committee

(2) Mr. Renyi serves as the presiding director. For more details on the presiding director’s role, see page 13

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BOARD AND GOVERNANCE HIGHLIGHTS

BOARD HIGHLIGHTS

Board Overview

2015 Board Actions

As a result of shareholder feedback and an analysis of industry trends and best practices, in 2015 the Nominating and Corporate Governance Committee took several important actions to enhance the company's corporate governance practices.

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GOVERNANCE HIGHLIGHTS

The Board and management regularly review best practices in corporate governance and modify our governance policies and practices as warranted. Our current best practices are highlighted below.

Independent Oversight	Engaged Board/Shareholder Rights	Good Governance
	Directors elected annually	Diverse Board membership in terms of experience, tenure, age and gender
	Majority vote standard (with plurality carve-out for contested elections)	Annual review of CEO succession plan by the independent directors with the CEO
Majority independent directors	Director resignation policy	
All independent key committees (Audit, Compensation and Management Development, Nominating and Corporate Governance)	Over-boarding policy	Annual Board review of senior management long-term and emergency succession plans
Strong and engaged independent presiding director role	Rigorous Board and committee self-assessments conducted annually	Nominating Committee oversight of environmental, sustainability and corporate social responsibility activities
	Robust stock-ownership guidelines	
	Annual shareholder engagement program to obtain valuable feedback on our compensation and governance programs	Annual Nominating Committee review of the company's political and lobbying policies and expenditures

ITEM 2

RATIFICATION OF INDEPENDENT REGISTERED ACCOUNTING FIRM

The Board recommends a vote FOR this item

As a matter of good corporate governance, the Board is asking shareholders to ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2016.

ITEM 3

**ADVISORY VOTE TO
APPROVE EXECUTIVE
COMPENSATION**

The Board recommends a vote FOR this item

The Board is asking shareholders to approve, on an advisory basis, the compensation of our named executive officers (“NEOs”) as disclosed in this proxy statement. Our executive compensation program is designed to promote long-term shareholder value creation and support our strategy by (1) encouraging profitable growth consistent with prudent risk management, (2) attracting and retaining key talent, and (3) appropriately aligning pay with short- and long-term performance.

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PERFORMANCE HIGHLIGHTS

EXECUTING ON OUR STRATEGY

2015 was a successful year for The Hartford. Despite an increasingly competitive market and a less favorable investment environment, we achieved strong financial results, continued to improve profitability and returned capital to our shareholders. Our financial strength, operating performance and strong balance sheet were recognized through rating upgrades by A.M. Best, Moody's and Standard & Poor's. We achieved these financial results while investing in operating capabilities and talent that are making us a broader, deeper risk player and a more efficient and customer-focused company. Highlighted below are some of our key accomplishments in 2015. We entered 2016 with a strong foundation and with confidence that we can maintain our underwriting discipline, expense control and capital flexibility in the face of increased competition.

DELIVERING LONG-TERM SHAREHOLDER RETURN

We have achieved strong financial performance and executed capital management initiatives, while continuing to make significant investments in our businesses, which helped drive shareholder returns. Book value per diluted share, excluding AOCI, rose 7%, equating to total value creation of 9% per share, including common dividends per share in 2015. Moreover, we have significantly outperformed relevant benchmarks, including the S&P 500 P&C, S&P 500 and S&P Insurance Composite indices over three years.

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Proxy Summary

The chart below illustrates key actions we have taken since 2013 to drive shareholder return.

2015 COMPENSATION HIGHLIGHTS

Decision

The Compensation Committee approved an annual incentive plan (“AIP”) funding level of 116% of target. (page 49)

For 2015 performance share grants, the Compensation Committee expanded the Company’s Performance Peer Group from 10 to 20 companies. (page 45)

For 2015 performance share grants, the company revised its methodology for measuring ROE to use the average annual ROE over the three year measurement period. (page 44)

Rationale

Performance against pre-established financial targets resulted in a formulaic AIP funding level of 116% of target. The Compensation Committee undertook a qualitative review of performance and concluded that the formulaic AIP funding level appropriately reflected 2015 performance. Accordingly, no adjustments were made.

The Compensation Committee believes that the Performance Peer Group should include companies that, in the aggregate, represent our current mix of business and are competing investment choices in the capital markets. The new group, which includes nine of the 10 companies from the prior Performance Peer Group, consists of companies that meet these criteria and have market characteristics and historical stock performance similar to the company’s.

While the prior methodology was appropriate given the challenges of setting annual ROE targets during the company’s transformation from a diversified financial services company to one focused on Property & Casualty, Group Benefits, and Mutual Funds businesses, with the transformation now essentially complete, the Compensation Committee believed that it was appropriate to migrate to a measure that reflects each year's performance in the overall

outcome.

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[Back to Contents](#)**2015 NEO COMPENSATION SUMMARY**

The table below reflects the 2015 compensation package (base salary, AIP award and long-term incentive (“LTI”) award) for each NEO. Although this table is not a substitute for the *Summary Compensation Table* information beginning on page 55, we believe it provides a simple and concise picture of compensation decisions made for the NEOs in 2015.

Compensation Component	C. Swift	B. Bombara	D. Elliot	B. Johnson	R. Rupp
Base Salary Rate	\$ 1,000,000	\$ 650,000	\$ 900,000	\$ 525,000	\$ 600,000
2015 AIP Award	\$ 2,450,000	\$ 1,200,000	\$ 2,000,000	\$ 1,400,000	\$ 1,400,000
2015 LTI Award ⁽¹⁾	\$ 6,400,000	\$ 1,650,000	\$ 4,400,000	\$ 1,200,000	\$ 1,400,000
Total 2015 Compensation Package ⁽²⁾	\$ 9,850,000	\$ 3,500,000	\$ 7,300,000	\$ 3,125,000	\$ 3,400,000

(1) Reflects the dollar amount of the award approved by the Compensation Committee rather than the fair value (calculated in accordance with FASB ASC Topic 718) shown in the *Summary Compensation Table*.

(2)