

HARTFORD FINANCIAL SERVICES GROUP INC/DE
Form DEF 14A
April 08, 2015

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
 Confidential, For Use of the
Commission Only (as permitted
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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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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND
PROXY STATEMENT | 2015**

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NOTICE OF 2015 ANNUAL MEETING OF SHAREHOLDERS

Wednesday, May 20, 2015

12:30 p.m. EDT

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.

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, 2015;
- 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 act upon any other business that may properly come before the Annual Meeting or any adjournment thereof.

You may vote if you were a shareholder of record at the close of business on March 23, 2015. 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 77 under "How do I vote my shares?"

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

Dated: April 8, 2015

By order of the Board of Directors,

Donald C. Hunt

Vice President and Corporate Secretary

Dear Fellow Shareholders:

2014 was an outstanding year for The Hartford. Thanks to the commitment and hard work of more than 17,000 employees, we accelerated the transformation of the company and delivered strong financial results. The Hartford's core earnings* grew 9%, or 16% on a diluted per share basis. Net income was \$798 million, or \$1.73 per diluted share, and our core earnings return on equity* increased a full percentage point.

We continued to focus on increasing shareholder value in 2014. Our accomplishments included expanding core earnings and increasing return on equity in our Property & Casualty, Group Benefits and Mutual Funds businesses; selling the Japan annuity business and thereby substantially reducing the risk in our legacy life and annuity runoff business, known as Talcott Resolution; returning more than \$2 billion of capital to shareholders through share repurchases and dividends; and, executing a seamless leadership transition.

No discussion of 2014 would be complete without an expression of our deepest gratitude to Liam McGee and his family. Liam stepped down as Chairman, President and Chief Executive Officer and The Hartford was deeply saddened by his loss in February 2015. Liam was a great leader and made an indelible impression on The Hartford. He restored the company's financial strength and set us on a path to achieve our vision: to be an exceptional company, celebrated for financial performance, character and customer value.

In my previous role as The Hartford's Chief Financial Officer, I worked in partnership with Liam and in my new role as Chairman and Chief Executive Officer, I will continue to execute the strategy we developed for creating shareholder value: 1) profitably grow the company's focused portfolio of businesses, 2) further reduce the size and risk of the legacy annuity liabilities, and 3) deliver more customer value while increasing operating effectiveness and efficiency.

In 2014, we made significant progress in each of these three areas and our strategic and financial transformation is essentially complete. We have placed greater focus on our portfolio of businesses and continue to make important investments for future growth, including investments in products, capabilities, technology and talent.

I am confident that the company is well positioned to create value for our shareholders on a consistent and sustained basis.

Sincerely,

Christopher J. Swift

Chairman and Chief Executive Officer

** Denotes non-GAAP financial measure. See The Hartford's Investor Supplement for the fourth quarter of 2014 available at <http://ir.thehartford.com> for more information, including reconciliations to the most directly comparable GAAP financial measures.*

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Dear Fellow Shareholders:

As fiduciaries of The Hartford, it is the responsibility of the Board to ensure its good governance and to oversee its strategic and operational initiatives in a manner that helps create and protect long-term shareholder value. To that end, the Board focused on a number of key initiatives in 2014, including:

Talent Development and Succession Planning

Talent development and succession planning have been and will continue to be vital components of this Board's governance responsibilities. Accordingly, we routinely discuss key talent indicators with management, meet with potential future leaders of the company, and engage in rigorous succession planning. In 2014, upon Liam McGee's decision to step down as CEO, we realized the return on our investment in talent development and succession planning. It is gratifying that we were in a position to elevate our CFO, Chris Swift, to the role of CEO and appoint from within the company a seasoned leadership team of the caliber we have leading the execution of our strategy.

Strategy and Risk Management

In 2014, the Board remained highly engaged in the company's strategic approach to creating shareholder value. In addition to overseeing the sale of the company's Japan annuity business, a key strategic milestone that significantly reduces the company's risk profile, the Board devoted significant time and discussion throughout the year to intensive review of the company's plans and investments for driving future profitable growth and of its uses of excess capital. The Board also devoted substantial time to risk management. The business and financial operations of The Hartford remain complex, notwithstanding the narrowing of its business model. Risk-taking is an essential part of an insurance business, and the Board worked closely with Chris and his executive leadership team to enable informed judgments on risk within appropriate limitations and oversight.

Executive Compensation

The Board remains committed to establishing transparent executive compensation programs that effectively align the interests of our executive leadership team with the company's shareholders. Accordingly, our programs are designed to be linked to company strategy and provide incentives that correlate with company performance. We regularly review best practices and solicit feedback from our shareholders, which resulted in several changes to the design of our compensation program in 2014.

The members of The Hartford's Board bring a diverse set of skills and perspectives to the oversight of this great company. I am proud to work side-by-side with my fellow directors as the Board's independent presiding director, to serve our shareholders.

Sincerely,

Thomas A. Renyi

Presiding Director

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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.

Annual Meeting of Shareholders

Voting Matters

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Proxy Summary

Performance Summary

Executing on our Strategy

We achieved outstanding performance in 2014. We continued to transform our business to improve profitability and reduce risk, we used our financial strength to return capital to our shareholders, and we underwent a seamless leadership transition. Highlighted below are some of our key accomplishments in 2014. We view the transformation we began in 2012 as essentially complete, and we are focused on the future. Our primary objectives are to improve return on equity and grow book value per share to drive top quartile shareholder returns. While there is still work to be done, the Board and management are pleased with the progress we made in 2014.

Key Accomplishments in 2014

* Combined ratio, excluding catastrophes and prior year loss reserve development for P&C; after-tax core earnings margin for Group Benefits

Delivering Superior Shareholder Returns

Strong financial performance, a significantly improved risk profile and the financial flexibility to return capital to shareholders while continuing to invest in our businesses has helped drive superior shareholder returns. In 2014, we outperformed relevant benchmarks, including the S&P 500, S&P 500 P&C and S&P Insurance Composite indices, as illustrated on the right. We significantly outperformed these indices over three years as well. The chart on the following page illustrates our performance, and the transformative actions we have taken, beginning in 2012.

One-Year Total Shareholder Return*

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Three-Year Total Shareholder Return and Key Management Actions*

**Timeline not to scale.*

***Total capital management plan authorization for 2014-2015: \$2.775 billion in equity repurchases; \$1.156 billion in debt reduction; and 20% increase to quarterly dividend.*

Board and Governance Highlights

Governance Decisions
