

HANOVER INSURANCE GROUP, INC.
Form DEF 14A
April 03, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

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

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| <input type="checkbox"/> Preliminary Proxy Statement | <input type="checkbox"/> Confidential, for Use of the Commission |
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The Hanover Insurance 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 HANOVER INSURANCE GROUP, INC.

Notice of Annual Meeting

and Proxy Statement

Annual Meeting

of Shareholders

to be held

May 20, 2014

Corporate Headquarters

440 Lincoln Street

Worcester, Massachusetts 01653

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THE HANOVER INSURANCE GROUP, INC.

440 Lincoln Street

Worcester, Massachusetts 01653

April 4, 2014

TO OUR SHAREHOLDERS:

You are cordially invited to attend the Annual Meeting of Shareholders of The Hanover Insurance Group, Inc. to be held on Tuesday, May 20, 2014, at 9:00 a.m. local time, at the Company's headquarters in Worcester, Massachusetts.

We have chosen to furnish proxy materials to our shareholders via the Internet. We believe that doing so provides our shareholders with the information they need, while lowering the costs of printing and delivery and reducing the environmental impact of our Annual Meeting.

The accompanying Notice and Proxy Statement describe in detail the matters to be acted on at the Annual Meeting. Your vote is important. Whether or not you plan to attend the Annual Meeting, we hope that you will vote as soon as possible. Please review the instructions concerning each of your voting options described in the Proxy Statement. Your cooperation will assure that your shares are voted and will also greatly assist us in preparing for the Annual Meeting.

Sincerely,

Frederick H. Eppinger

President and Chief Executive Officer

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THE HANOVER INSURANCE GROUP, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 20, 2014

To the Shareholders of

The Hanover Insurance Group, Inc.:

The Annual Meeting of Shareholders of The Hanover Insurance Group, Inc. will be held at our headquarters, 440 Lincoln Street, Worcester, Massachusetts 01653 on Tuesday, May 20, 2014, at 9:00 a.m. local time, for the purpose of considering and voting on:

1. The election of six individuals to the Board of Directors;
2. Approval of the 2014 Long-Term Incentive Plan;
3. Approval of the Chaucer Share Incentive Plan;
4. Approval of the 2014 Employee Stock Purchase Plan;
5. Approval of the 2014 Executive Short-Term Incentive Compensation Plan;
6. The advisory approval of the Company's executive compensation;
7. The ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2014; and
8. Such other business as may properly come before the Annual Meeting or any adjournment thereof.

The Board of Directors has fixed March 25, 2014 as the record date for determining the shareholders entitled to notice of and to vote at the Annual Meeting and any adjournment thereof.

By Order of the Board of Directors,

CHARLES F. CRONIN

Vice President and Secretary

Worcester, Massachusetts

April 4, 2014

Your vote is important. Whether or not you plan to attend the Annual Meeting, you are requested to vote your shares. Please follow the voting instructions set forth in the Proxy Statement. If you attend the Annual Meeting and desire to withdraw your proxy and vote in person, you may do so.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on May 20, 2014: The Proxy Statement and Annual Report to Shareholders are available at www.envisionreports.com/thg.

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THE HANOVER INSURANCE GROUP, INC.

440 Lincoln Street

Worcester, Massachusetts 01653

PROXY STATEMENT

We have made these proxy materials available to you on or about April 4, 2014 via the Internet or, at your request, have forwarded paper copies of these proxy materials to you by mail, in connection with the solicitation of proxies by the Board of Directors (the *Board*) of The Hanover Insurance Group, Inc. (*THG* or the *Company*) for use at our Annual Meeting of Shareholders to be held on May 20, 2014 (the *Annual Meeting* or *Meeting*). In accordance with rules and regulations adopted by the Securities and Exchange Commission (the *SEC*), we have provided access to our proxy materials over the Internet. If you received a Notice of Internet Availability of Proxy Materials (the *Notice*) by mail, you will not receive a paper copy of the proxy materials unless you request one. The Notice instructs you on how to access the proxy materials via the Internet. The Notice also instructs you on how to vote your shares via the Internet. If you received a Notice by mail and would like to receive a paper copy of our proxy materials, please follow the instructions included in the Notice.

QUESTIONS AND ANSWERS ABOUT PROXY MATERIALS AND THE ANNUAL MEETING

What is included in these proxy materials?

These proxy materials include:

our Proxy Statement for the Annual Meeting; and
our Annual Report to Shareholders for the fiscal year ended December 31, 2013 (the *Annual Report*), including our financial statements and the report of PricewaterhouseCoopers LLP (*PwC*) thereon. The Annual Report is neither a part of this Proxy Statement nor incorporated herein by reference.

If you requested a paper copy of these materials by mail, these materials also include the proxy card for submitting your vote prior to the Annual Meeting.

What is the purpose of the Annual Meeting?

At the Annual Meeting, shareholders will act on the following matters:

election of six directors;
approval of The Hanover Insurance Group 2014 Long-Term Incentive Plan (the *2014 Stock Plan*);
approval of The Chaucer Share Incentive Plan (the *Chaucer SIP*);
approval of The Hanover Insurance Group 2014 Employee Stock Purchase Plan (the *Hanover ESPP*);
approval of The Hanover Insurance Group 2014 Executive Short-Term Incentive Compensation Plan (the *2014 STIC Plan*);
advisory approval of the Company's executive compensation; and
ratification of the appointment of PwC as the Company's independent registered public accounting firm for 2014.

Any other business that properly comes before the Annual Meeting will also be considered. In addition, management will report on the performance of the Company and respond to questions from shareholders.

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Who is entitled to vote at the Annual Meeting?

Only shareholders of record at the close of business on March 25, 2014 (the *Record Date*) are entitled to vote at the Meeting.

What are the voting rights of the holders of the Company's common stock?

Each share of THG's common stock, par value \$0.01 per share (the *Common Stock*), entitles its holder to one vote.

Who is soliciting my vote?

The Board is soliciting your vote at the Annual Meeting. We have retained Georgeson, Inc. of New York, N.Y., to help us solicit proxies personally or by mail, phone or Internet. We anticipate the costs of this service will be approximately \$8,500, plus reasonable expenses. Proxies may also be solicited on the Board's behalf by directors, officers or employees of the Company, in person or by telephone, mail, electronic transmission or facsimile transmission. The Company will pay the cost of soliciting proxies, including reimbursing banks, brokerage firms and others for the reasonable expenses incurred by them for forwarding proxy material on behalf of the Board to beneficial owners of THG Common Stock.

How does the Board recommend that I vote?

Our Board recommends that you vote your shares **FOR** the election of each nominee to the Board, and **FOR** each of the other proposals specifically identified in this Proxy Statement for action at the Annual Meeting.

How many shares are entitled to vote at the Annual Meeting?

As of the Record Date, 44,041,715 shares of Common Stock were issued, outstanding and entitled to be voted.

How many shares must be present to hold the Annual Meeting?

A quorum (a majority of the issued and outstanding shares of Common Stock entitled to vote at the Annual Meeting) must be present either in person or by proxy. Abstentions will be treated as present at the Annual Meeting for the purpose of determining a quorum, and because brokers have the discretionary authority to vote on one proposal (the ratification of auditors), broker non-votes will also be treated as present at the Annual Meeting for the purpose of determining a quorum. A broker non-vote occurs when a broker holding shares for a beneficial owner returns a proxy, but does not vote on a particular proposal because the broker does not have discretionary voting power for that particular item and has not received voting instructions from the beneficial owner. Banks and brokers that have not received voting instructions from their clients cannot vote on their clients' behalf on any matter specifically identified for action at the Annual Meeting other than the ratification of the appointment of the Company's independent registered accounting firm.

What vote is required to approve each item?

The affirmative vote of the majority of the votes properly cast (in person or by proxy) is required to elect director nominees. For purposes of electing directors, a majority of the votes cast means that the number of

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shares voted for a director must exceed the number of votes cast against that director. If a nominee who is serving as a director is not elected at the Annual Meeting, under Delaware law, the director would continue to serve on the Board as a holdover director. However, under our by-laws, any director who fails to be elected shall promptly tender his or her resignation to the Board. The Nominating and Corporate Governance Committee (the *NCGC*) will make a recommendation to the Board on whether to accept or reject the resignation, or whether other action should be taken. In making their determinations, the *NCGC* and the Board may consider any factors deemed relevant. The Board will act on the *NCGC*'s recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election results. The director who tenders his or her resignation will not vote on the *NCGC*'s recommendation or the Board's decision. If a nominee who was not already serving as a director is not elected at the Annual Meeting, then, under Delaware law, that nominee would not become a director and would not serve on the Board as a holdover director. Broker non-votes and abstentions, because they are not votes cast, are not counted for the election of directors and will have no effect on the outcome.

The affirmative vote of a majority of the votes properly cast (in person or by proxy) is required to approve each of the 2014 Stock Plan, the Chaucer SIP, the Hanover ESPP, the 2014 STIC Plan and the advisory vote on executive compensation. Broker non-votes and abstentions, because they are not votes cast, are not counted for these proposals and will have no effect on the outcome.

The affirmative vote of a majority of the votes properly cast (in person or by proxy) is required to ratify the appointment of the Company's independent registered public accounting firm. Abstentions, because they are not votes cast, will not be counted and will have no effect on the outcome. Banks and brokers that have not received voting instructions from their clients may, however, vote their clients' shares on the ratification of the appointment of the Company's independent registered public accounting firm for the 2014 fiscal year.

How do I vote?

You may either vote in person at the Annual Meeting or by proxy without attending the Meeting.

How do I vote by proxy?

If your shares are held in a brokerage account or by another nominee, you are considered the beneficial owner of shares held in street name, and such brokerage firm or nominee will forward the Notice and/or a printed copy of the proxy materials to you, together with voting instructions. As the beneficial owner, you have the right to direct your broker, trustee or nominee how to vote.

If you are a registered shareholder (that is, if you hold stock certificates directly in your name), you may vote via the Internet in accordance with the instructions set forth in the Notice. If you have requested a paper copy of the proxy materials, you may vote by mail, via the Internet, or via the toll-free number in accordance with the instructions set forth on the proxy card. The shares of Common Stock represented by your proxy will be voted as directed by you, or, if the proxy card is signed, dated and returned without instructions, in accordance with the Board's recommendations as set forth in this Proxy Statement.

The proxy also confers discretionary authority with respect to any other proposals that may properly be brought before the Annual Meeting. As of the date of this Proxy Statement, management is not aware of any other matters to be presented for action at the Annual Meeting. If any other matters properly come before the Annual Meeting, however, then the proxies solicited hereby will be voted in accordance with the recommendations of the Board.

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Can I change my vote after I submit my proxy?

Yes. Any registered shareholder giving a proxy may revoke it at any time before it is exercised by delivering written notice thereof to the Company's Corporate Secretary, The Hanover Insurance Group, Inc., 440 Lincoln Street, Worcester, MA 01653. If you are a beneficial owner of shares held in street name, you may revoke or change your voting instructions prior to the Meeting by timely instructing your broker, trustee or nominee. Any shareholder of record attending the Annual Meeting may vote in person whether or not the shareholder has previously filed a proxy. Shares held beneficially in street name may be voted in person only if you obtain and bring to the meeting a legal proxy from the broker, trustee or nominee that holds your shares giving you the right to vote the shares. Presence at the Annual Meeting by a shareholder who has submitted a proxy, however, does not in itself revoke the proxy.

How do participants in The Chaucer Share Incentive Plan vote their shares?

If you are a participant in the Chaucer SIP and you have shares of Common Stock allocated to your account, then you may provide voting instructions to the trustee under the plan in accordance with the instructions provided by the trustee. The trustee will vote the shares allocated to your account in accordance with your instructions. If you do not instruct the trustee how to vote, the trustee will not vote your shares. Your voting instructions will be kept confidential by the trustee.

Who can attend the Annual Meeting?

The Meeting is open to all shareholders of the Company and to invited guests of the Board. Individuals who hold shares in street name may be required to provide a brokerage account statement or some other proof of their share ownership as of the Record Date.

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The following table sets forth information regarding the number of shares of Common Stock beneficially owned as of March 10, 2014 by (i) each director (and director nominee) of THG, (ii) the named executive officers in the Summary Compensation Table appearing later in this Proxy Statement (the *NEOs*), and (iii) all current directors and executive officers of THG as a group. This information has been furnished by the persons listed in the table.

Name of Beneficial Owner	Shares Beneficially Owned	Percent of Class
Michael P. Angelini	42,109(1)	*
Richard H. Booth	500(2)	*
P. Kevin Condon	1,000(3)	*
Frederick H. Eppinger	833,526(4)	1.9%
Neal F. Finnegan	26,891	*
Karen C. Francis	(5)	*
David J. Gallitano	10,012(6)	*
David B. Greenfield	54,254(7)	*
J. Kendall Huber	86,771(8)	*
Wendell J. Knox	17,701(9)	*
Robert J. Murray	25,590	*
Joseph R. Ramrath	17,321(10)	*
Andrew S. Robinson	72,714(11)	*
Robert A. Stuchbery	24,936(12)	*
Harriett Tee Taggart	9,768(10)	*
Marita Zuraitis	7,098(13)	*
Current directors and executive officers as a group (19 persons)	1,415,355(14)	3.1%

As to shares listed in this column of the table, each person has sole voting and investment power, except as indicated in other footnotes to this table. Certain directors and executive officers have deferred, or under certain compensation programs were required to defer, receipt of certain stock grants from the Company. Deferred shares are held in a rabbi trust (the *Rabbi Trust*), the trustee of which is Wells Fargo Bank, N.A. As of March 10, 2014, the Rabbi Trust held 229,627 shares of Common Stock pursuant to deferrals by the directors and executive officers identified in this table. Deferred shares held in the Rabbi Trust are *not* included in the amounts set forth in this column. These shares may be voted by the trustee of the Rabbi Trust, but not by the individuals on whose behalf the shares are held in the Rabbi Trust. For information regarding specific deferrals, please refer to the notes below.

* Less than 1%.

- (1) Excludes 20,609 shares held by the Rabbi Trust, the receipt of which Mr. Angelini has deferred. Includes 4,000 shares held by the Domenic A. Angelini Residuary Trust, under Agreement dated October 25, 2003 (the *Angelini Trust*). Mr. Angelini is a co-trustee of the Angelini Trust and shares voting and investment power with respect to the shares held by the Angelini Trust.

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- (2) Excludes 1,228 shares held by the Rabbi Trust, the receipt of which Mr. Booth has deferred.
- (3) Excludes 16,623 shares held by the Rabbi Trust, the receipt of which Mr. Condron has deferred.
- (4) Excludes 160,362 shares held by the Rabbi Trust, the receipt of which Mr. Eppinger was required to defer. Includes 661,666 shares underlying options exercisable within 60 days of March 10, 2014.
- (5) Ms. Francis is not a current member of the Board, but she has been nominated for election to the Board at the Annual Meeting.
- (6) Excludes 22,266 shares held by the Rabbi Trust, the receipt of which Mr. Gallitano has deferred.
- (7) Includes 38,333 shares underlying options exercisable within 60 days of March 10, 2014.
- (8) Mr. Huber shares voting and investment power with his wife with respect to 14,387 shares. Includes 53,750 shares underlying options exercisable within 60 days of March 10, 2014.
- (9) Excludes 8,539 shares held by the Rabbi Trust, the receipt of which Mr. Knox has deferred.
- (10) Shares voting and investment power with spouse.
- (11) Includes 60,425 shares underlying options exercisable within 60 days of March 10, 2014.
- (12) Includes 341 shares held by the trustee of the Chaucer SIP.
- (13) Ms. Zuraitis resigned from the Company effective May 10, 2013.
- (14) Includes 940,381 shares underlying options exercisable within 60 days of March 10, 2014; 341 shares held by the trustee of the Chaucer SIP; and 4,000 shares held by the Angelini Trust. Excludes 229,627 shares held by the Rabbi Trust. See notes 1 through 13 above.

What are the Company's Stock Ownership Guidelines for named executive officers and directors?**Named Executive Officers**

Within 18 months of becoming subject to the policy, each NEO should achieve an ownership level in our Common Stock with a value equal to one times his or her base salary. Within three years, each NEO should achieve and maintain an ownership level with a value equal to two to four times his or her base salary (four to six times base salary for the CEO). The guidelines credit shares held outright, unvested restricted stock, restricted stock units, performance-based restricted stock units (measured at target) and any shares that have been earned but the payment of which has been deferred. Unexercised stock options, whether or not vested, are not counted when determining ownership under the guidelines. For these purposes, shares are valued based upon the then current market value, or if higher, the value on the date of acquisition. Each of our NEOs is in compliance with the policy. Set forth below is a table that indicates, as of March 10, 2014, each NEO's share ownership as a multiple of his current annualized base salary. Such figures are calculated in accordance with the share ownership guidelines and the multiple has been determined assuming a current market value of \$59.66 per share (the closing price of our Common Stock on March 10, 2014).

NEO	Year Hired	Number of Shares Counted under Stock Ownership Guidelines	Ownership Level as a Multiple of Base Salary
Frederick H. Eppinger	2003	457,604	27.3
Robert A. Stuchbery	2011	43,136	4.5
David B. Greenfield	2010	57,056	5.8
J. Kendall Huber	2000	57,310	7.2
Andrew S. Robinson	2006	36,897	4.8

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Within four years from the date of first being elected to the Board (six years for those directors initially elected to the Board prior to May 15, 2012), each non-employee director should achieve an ownership level in our Common Stock with a value equal to four times the value of the regular annual stock retainer paid to directors for service on our Board. This requirement can be satisfied by purchases in the open market or by holding grants received from the Company (including share grants that the director has elected to defer under Company-sponsored deferred compensation programs). For these purposes, shares are valued based upon the then current market value, or if higher, the value on the date of acquisition.

Each of our directors is in compliance with the ownership guidelines or is expected to become compliant within the prescribed time following his or her initial election to the Board. Set forth below is a table that indicates, as of March 10, 2014, each director's share ownership as a multiple of the value of the current annual stock retainer (\$115,000). Such figures are calculated in accordance with the share ownership guidelines, and the multiple has been determined assuming a current market value of \$59.66 per share (the closing price of our Common Stock on March 10, 2014).

Non-Employee Director	Year First Elected to Board	Number of Shares Counted under Stock Ownership Guidelines	Ownership Level as a Multiple of the Value of the Annual Stock Retainer
Michael P. Angelini	1995	62,718	32.6
Richard H. Booth	2013	1,728	0.9
P. Kevin Condron	2007	17,623	9.1
Neal F. Finnegan	2006	26,891	14.0
David J. Gallitano	2006	32,278	16.7
Wendell J. Knox	1999	26,240	13.6
Robert J. Murray	1996	25,590	13.3
Joseph R. Ramrath	2004	17,321	9.0
Harriett Tee Taggart	2009	9,768	5.1

Table of Contents**Who are the largest owners of the Company's stock?**

The following table lists the only persons who, to the best of the Company's knowledge, are beneficial owners (as defined by SEC regulations) of more than five percent of the issued and outstanding shares of Common Stock as of March 10, 2014.

Name and Address of Beneficial Owner	Shares Beneficially Owned	Percent of Class
BlackRock, Inc. 40 East 52 nd Street New York, NY 10022	2,734,859(1)	6.2%
Dimensional Fund Advisors LP Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746	2,676,850(2)	6.1%
Guggenheim Capital LLC (3) Guggenheim Partners, LLC GI Holdco II, LLC GI Holdco, LLC Guggenheim Partners Investment Management Holdings, LLC Rydex Holdings, LLC Security Investors, LLC	2,613,069(4)	5.9%
The Vanguard Group. 100 Vanguard Blvd. Malvern, PA 19355	2,540,987(5)	5.8%
Wellington Management Company, LLP. 280 Congress Street Boston, MA 02210	2,284,998(6)	5.2%

- (1) Based on a Schedule 13G/A filed on January 30, 2014 by BlackRock, Inc., which reported having sole voting power with respect to 2,559,869 shares and sole dispositive power with respect to 2,734,859 shares.
- (2) Based on a Schedule 13G filed on February 10, 2014 by Dimensional Fund Advisors LP, which reported having sole voting power with respect to 2,620,635 shares and sole dispositive power with respect to 2,676,850 shares.
- (3) Guggenheim Capital, LLC and Guggenheim Partners, LLC are each located at 227 West Monroe Street, Chicago, IL 60606; GI Holdco II, LLC, GI Holdco, LLC and Guggenheim Partners Investment Management Holdings, LLC are each located at 330 Madison Avenue, New York, NY 10017; and Rydex Holdings, LLC and Security Investors, LLC are each located at One SW Security Benefit Place, Topeka, KS

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- (4) Based on a Schedule 13G/A filed on February 13, 2014 by Guggenheim Capital, LLC, Guggenheim Partners, LLC, GI Holdco II, LLC, GI Holdco, LLC, Guggenheim Partners Investment Management Holdings, LLC, Rydex Holdings, LLC and Security Investors, LLC (collectively, the *Guggenheim Entities*). The Schedule 13G/A filed by the Guggenheim Entities reports that each of the Guggenheim Entities has shared voting and dispositive power with respect to 2,613,069 shares, that such shares are owned directly by Security Investors, LLC and that Guggenheim Capital, LLC is the majority owner of each of the other Guggenheim Entities.

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- (5) Based on a Schedule 13G/A filed on February 11, 2014 by The Vanguard Group, which reported having sole voting power with respect to 26,582 shares, sole dispositive power with respect to 2,516,605 shares and shared dispositive power with respect to 24,382 shares. The Schedule 13G/A filed by The Vanguard Group also reported that Vanguard Fiduciary Trust Company, a wholly owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 24,382 shares and Vanguard Investments Australia, Ltd., a wholly owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 2,200 shares.
- (6) Based upon a Schedule 13G filed on February 14, 2014 by Wellington Management Company, LLP, which reported having shared voting power with respect to 1,862,561 shares and shared dispositive power with respect to 2,284,998 shares. The Schedule 13G filed by Wellington Management also reported that all of the shares are owned of record by their clients.

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CORPORATE GOVERNANCE

The Board has adopted Corporate Governance Guidelines, which can be found on the Company's website at www.hanover.com under About Us-Corporate Governance. For a printed copy of the Guidelines, shareholders should contact the Company's Corporate Secretary, The Hanover Insurance Group, Inc., 440 Lincoln Street, Worcester, MA 01653.

There are six nominees for election to our Board this year. Each of the nominees, other than Mr. Booth and Ms. Francis, has served as a director since the last Annual Meeting. Mr. Booth has served on the Board since his election on October 10, 2013. Mr. Booth was identified as a potential nominee to the Board by our independent Chairman of the Board and our CEO and presented to the NCGC and the Board by a third-party recruiting firm. A third-party recruiting firm hired by the NCGC identified Ms. Francis as a potential nominee. Such third-party search firm was retained by the NCGC to (i) identify director candidates that meet the Company's Director Qualifications set forth below, (ii) coordinate and facilitate interviews with qualified candidates, and (iii) conduct reference checks. Information regarding the business experience and qualifications of each nominee and continuing director are provided below.

As a result of our recent addition of Mr. Booth and nomination of Ms. Francis, and to maintain appropriate balance in the size of each of our director classes, Mr. Murray is being nominated to serve for a one-year term expiring in 2015, Mr. Angelini and Ms. Francis are each being nominated to serve for a two-year term expiring in 2016, and Messrs. Booth, Gallitano and Knox are each being nominated to serve for a three-year term expiring in 2017.

Who are the nominees for director?

Michael P. Angelini, 71, has been a director of THG since its formation in 1995 and Chairman of the Board since 2002, and was a director of a predecessor company from 1984 to 1996. Mr. Angelini is Chairman of the law firm of Bowditch & Dewey LLP, Worcester, Massachusetts, with which he has been associated since 1968. In 2011, Mr. Angelini was appointed by the Governor of Massachusetts to the Board of Directors of the Massachusetts Port Authority, and from 2007 until 2009, when it was merged into the Massachusetts Department of Transportation, Mr. Angelini served on the Board of Directors of the Massachusetts Turnpike Authority. Mr. Angelini is also a director of Commerce Bank & Trust Company, a regional bank headquartered in Worcester, Massachusetts, L. Hardy Company, Inc., a manufacturer of industrial cutting devices, and a number of other privately held businesses primarily located in central Massachusetts. We believe Mr. Angelini's qualifications to serve on our Board include his years of legal and management experience, his experience as a member of the board of directors of numerous other businesses, and the leadership he exhibited in 2002 and 2003 when he assumed the role of Chairman of the Board at a time when we did not have a CEO.

Mr. Angelini is Chairman of the Board and a member of the Nominating and Corporate Governance Committee. Mr. Angelini's current term as a director expires in 2015. He is, however, being nominated for re-election at this Meeting for a two-year term expiring in 2016.

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Richard H. Booth, 67, has been a director since October 2013. Mr. Booth serves as a senior advisor to Century Capital Management LLC, an investment advisory firm located in Boston, Massachusetts. From 2009 until his retirement on March 1, 2014, Mr. Booth was Vice Chairman of Guy Carpenter & Company, LLC, a global risk management and reinsurance specialist and a wholly owned subsidiary of Marsh McLennan Companies, Inc. Mr. Booth was Chairman of HSB Group, Inc., a specialty insurer and reinsurer, from 2000 to 2009, and President and CEO of HSB Group from 2000 to 2007. In 2008 and 2009, Mr. Booth served as Vice Chairman, Transition Planning and Chief Administrative Officer, of HSB Group's parent company, American International Group, Inc., an insurance and financial services company. Prior to this, Mr. Booth held progressively senior positions in the insurance industry. Mr. Booth is also a director of Sun Life Financial Inc., a publicly traded life and health insurance and financial services company, and is a trustee of Northeast Utilities, a publicly traded utility company. Mr. Booth is a certified public accountant, chartered life underwriter, chartered financial consultant, a certified Board Leadership Fellow with the National Association of Corporate Directors, and a former member of the Financial Accounting Standards Advisory Council and its Steering Committee. We believe Mr. Booth's qualifications to serve on our Board include his high level of insurance, financial and accounting literacy and operating and management experience, gained through his roles as Vice Chairman of Guy Carpenter, Chairman and CEO of HSB Group and through his service with the Financial Accounting Standards Advisory Council.

Mr. Booth is a member of the Nominating and Corporate Governance Committee. Mr. Booth's current term as a director expires in 2016. He is, however, being nominated for election at this Meeting for a three-year term expiring in 2017.

Karen C. Francis, 51, is Executive Chairman and CEO of AcademixDirect, Inc., a technology marketing company serving the education industry. Prior to joining AcademixDirect, Inc. in 2009, Ms. Francis was Chairman and CEO of Publicis & Hal Riney, an advertising agency based in San Francisco. From 2001 to 2002, Ms. Francis worked for the Ford Motor Company as Vice President of Ford Motor Company and President and CEO of ConsumerConnect, where she was responsible for global e-business strategies, customer relationship management and export operations. Ms. Francis was Managing Director and Chief Marketing Officer of Internet Capital Group, an e-commerce company, from 2000 through 2001. Ms. Francis also held several positions with General Motors from 1996 through 2000, including serving as General Manager of the Oldsmobile division. Prior to joining General Motors, Ms. Francis was a consultant at Bain & Company. Ms. Francis started her career at Procter & Gamble. Ms. Francis also formerly served on the Board of Trustees for Dartmouth College. We believe Ms. Francis's qualifications to serve on our Board include her experiences as a CEO, experience as an executive with Ford Motor Company and with other large global companies, and her experience in technology and marketing and working with major property and casualty insurance company clients while at Bain & Company.

If elected, Ms. Francis's term as a director will expire in 2016.

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David J. Gallitano, 66, has been a director since 2006. Mr. Gallitano is Chairman and CEO of WellCare Health Plans, Inc. (*WellCare*), a publicly traded managed health service provider. He has served as WellCare's CEO since November 2013, Chairman of the Board since May 2013 and as a director since 2009. Mr. Gallitano is also President of Tucker Advisors, Inc., a sole proprietor private investment and advisory firm. Mr. Gallitano was Chairman and CEO of APW Ltd., a global contract manufacturing company of technical equipment, from 2003 through 2005, and Chairman and CEO of Columbia National, Inc., a residential and commercial real estate financing company, from 1993 until 2002. Mr. Gallitano was an Executive Vice President at PaineWebber Incorporated, where he headed the company's Principal Transactions Group, from 1986 through 1993. Mr. Gallitano also served as President and CEO of the General Electric Mortgage Capital Corporation from 1984 through 1986. We believe Mr. Gallitano's qualifications to serve on our Board include his experience as a CEO, experience as a senior executive with General Electric Company, his experience with other public company boards of directors, and his nearly three decades of experience as a senior executive in the financial services industry.

Mr. Gallitano is Chairman of the Nominating and Corporate Governance Committee. If re-elected, Mr. Gallitano's term as a director will expire in 2017.

Wendell J. Knox, 66, has been a director since 1999. Until his retirement in 2009, Mr. Knox was President and CEO of Abt Associates, a policy research and business consulting firm, where he had been employed since 1969. Mr. Knox is also a director of Abt Associates, Inc. and Eastern Bank, a mutually owned commercial bank, and is a trustee of the Natixis, Loomis Sayles, Hansberger International Series Mutual Fund Complex, a fund complex comprised of 40 funds. We believe Mr. Knox's qualifications to serve on our Board include his experience as a CEO, combined with his corporate governance expertise and experience with other boards of directors.

Mr. Knox is member of the Compensation Committee. If re-elected, Mr. Knox's term as a director will expire in 2017.

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Robert J. Murray, 72, has been a director since 1996. He was Chairman of the Board of New England Business Service, Inc. (*NEBS*), a business-to-business direct marketing company, from 1995 until 2004, and served on the Board of Directors of NEBS from 1991 until 2004. He was CEO of NEBS from 1995 through 2003. Prior to joining NEBS, Mr. Murray was an executive officer with The Gillette Company, Inc., a consumer products company. Mr. Murray is also a director of Tupperware Brands Corp., a publicly traded consumer-direct seller of personal and household products, LoJack Corporation, a publicly traded automobile security system manufacturer, and IDEXX Laboratories, Inc., a publicly traded developer, manufacturer and distributor of products and services for veterinary, food and water testing markets. In addition, from 2001 to 2012, Mr. Murray served on the Board of Delhaize Group, a publicly traded international food retailer based in Belgium. We believe Mr. Murray's qualifications to serve on our Board include his experience as a CEO and senior executive, his participation on the boards of directors of other publicly traded companies and his 18 year tenure on our Board.

Mr. Murray is a member of the Compensation Committee. If re-elected, Mr. Murray's term as a director will expire in 2015.

Who are the directors continuing in office?

P. Kevin Condron, 68, has been a director since 2007. Mr. Condron has served as Chairman and CEO of The Granite Group LLC, a plumbing and heating wholesaler, since 1998. From 1972 until it was merged with Capitol Plumbing and Heating Supply in 1997 to create The Granite Group, LLC, Mr. Condron was President and CEO of Central/Goulet Supply. Mr. Condron is a director of TD Bank, Inc., a financial services company, and is Chairman of the Board of Trustees at the College of the Holy Cross. We believe Mr. Condron's qualifications to serve on our Board include his experience as a CEO, his experience on numerous other boards of directors, including TD Bank, which was a public company during much of his tenure on that board, and his experience as an entrepreneur with substantial business experience.

Mr. Condron is Chairman of the Compensation Committee. Mr. Condron's term as a director expires in 2016.

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Frederick H. Eppinger, 55, has been a director and our President and CEO since joining the Company in 2003. Before joining the Company, Mr. Eppinger was Executive Vice President of Property and Casualty Field and Service Operations for The Hartford Financial Services Group, Inc. Prior to that, he was Senior Vice President of Strategic Marketing from 2000 to 2001 for ChannelPoint, Inc., a firm that provided business-to-business technology for insurance and financial service companies, and was a senior partner at the international consulting firm of McKinsey & Company. Mr. Eppinger led the insurance practice at McKinsey, where he worked closely with CEOs of many leading insurers over a period of 15 years, beginning in 1985. Mr. Eppinger began his career as an accountant with the firm then known as Coopers & Lybrand. He is a director of Centene Corporation, a publicly traded, multi-line healthcare company. We believe Mr. Eppinger's qualifications to serve on our Board include his over 25 years of experience in the insurance industry, including as our President and CEO for over ten years, and the experience he has gained on the board of directors of Centene Corporation.

Mr. Eppinger's term as a director expires in 2016.

Neal F. Finnegan, 76, has been a director since 2006. Mr. Finnegan served as President and CEO of Lumber Insurance Company, a specialty insurer to the lumber industry, from 2000 to 2001. From 2000 to 2005, Mr. Finnegan was Chairman of Citizens Bank of Massachusetts. Prior to that, Mr. Finnegan was President and CEO of UST Corporation from 1993 to 2000. Previously, Mr. Finnegan served in the financial services sector as an executive with Bankers Trust Company of New York, Bowery Savings Bank, Worcester Bancorp, and Shawmut Bank, NA. Mr. Finnegan is currently a member of the board of directors at Solution Inc., a software provider traded on the Toronto Stock Exchange, and several other privately held companies and charitable organizations. In addition, Mr. Finnegan is Chairman Emeritus of the Northeastern University Board of Trustees. We believe Mr. Finnegan's qualifications to serve on our Board include his experience as a CEO of a prominent, publicly traded financial institution, his nearly four decades of experience in the financial services industry and his experience on several boards of directors, including as Chairman of the Board of Trustees of Northeastern University.

Mr. Finnegan is a member of the Audit Committee. Mr. Finnegan's term as a director will expire in 2015.

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Joseph R. Ramrath, 57, has been a director since 2004. Mr. Ramrath has been Managing Director of Colchester Partners LLC, an investment banking and strategic advisory firm, since 2002. Mr. Ramrath was Executive Vice President and Chief Legal Officer of the United Asset Management division of Old Mutual plc, an international financial services firm headquartered in London, England, from 2000 to 2002. Prior to that, he was Senior Vice President, General Counsel and Secretary of United Asset Management Corporation from 1996 until its acquisition by Old Mutual in 2000. Earlier in his career, Mr. Ramrath was a partner at Hill & Barlow, a Boston law firm, and a certified public accountant with Arthur Andersen & Co. We believe Mr. Ramrath's qualifications to serve on our Board include his accounting, financial and legal background, his experience as a member of management and on the board of directors with other public companies, as well as his years of experience as an advisor to investment advisory companies.

Mr. Ramrath is Chairman of the Audit Committee. Mr. Ramrath's term as a director expires in 2015.

Harriett Tee Taggart, 65, has been a director since 2009. She currently manages a professional practice, Taggart Associates. She also serves as an endowment investment committee member, evaluating global portfolio managers and asset allocation strategies, for several major non-profit organizations. From 1983 through 2006, Dr. Taggart was a Partner, Senior Vice President and sector portfolio manager at Wellington Management LLC, a global investment company. Dr. Taggart is a director of Albemarle Corporation, a publicly traded specialty chemical manufacturer, and is a trustee of the Eaton Vance Mutual Fund Complex, a fund complex comprised of 186 funds. She served as a director of The Lubrizol Corporation, a publicly traded specialty chemical manufacturer, from 2007 until its acquisition by Berkshire Hathaway in 2011. Dr. Taggart is also on the boards of trustees and advisory committees of several non-profit organizations and active in a number of corporate governance organizations. We believe Dr. Taggart's qualifications to serve on our Board include her three decades of experience in the financial services industry, as well as her executive leadership and management experience and experience with other public company boards of directors.

Dr. Taggart is a member of the Audit Committee. Dr. Taggart's term as a director expires in 2015.

Who are the Company's independent directors, and how does the Board determine which directors are considered independent?

Under New York Stock Exchange (NYSE) rules, a member of our Board only qualifies as independent if our Board affirmatively determines that the director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). The Company's Corporate Governance Guidelines include standards to assist the Board in determining whether a director has a material relationship with the Company. The standards conform to the standards established by the NYSE. The portion of our Corporate Governance Guidelines addressing director independence is attached to this Proxy Statement as Annex V.

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Until his retirement on March 1, 2014, Mr. Booth served as Vice Chairman and a member of the board of managers of Guy Carpenter & Company, LLC (*Guy Carpenter*), a wholly owned subsidiary of Marsh & McLennan Companies, Inc. (*Marsh*). We maintain numerous business relationships with Marsh and several of its subsidiaries, including Guy Carpenter. Most significantly, (i) broker and agency subsidiaries of Marsh, other than Guy Carpenter, acting on behalf of their respective brokerage and agency customers or as our appointed agent, place insurance business with us; (ii) Guy Carpenter, acting on behalf of its insurance company customers, places reinsurance or retrocession agreements with Chaucer; and (iii) we utilize Guy Carpenter's reinsurance brokerage services. The Board and the NCGC examined these relationships in light of the independence standards adopted by the NYSE and our Corporate Governance Guidelines, and concluded that Mr. Booth is independent under these standards. This conclusion was supported by the fact that the amounts paid to Marsh and its subsidiaries did not exceed the relevant objective thresholds set forth in the applicable independence standards, Mr. Booth's planned retirement as an employee of Guy Carpenter, and because Mr. Booth was not directly or indirectly involved in any transactions with THG or any of its subsidiaries, nor was his compensation directly or indirectly impacted by such transactions.

Our Board has determined that every director and nominee for director is independent under the applicable standards with the exception of Mr. Eppinger, who is the Chief Executive Officer of the Company.

There are no family relationships among any of the directors or executive officers of the Company.

What is the Company's procedure for approving related-person transactions?

The Board has established a written procedure for the review, approval and/or ratification of transactions with related persons (as such term is defined by the SEC, provided that the dollar threshold for review and approval in our policy is \$100,000, which is lower than the \$120,000 threshold established by the SEC). Pursuant to such policy, any related-person transactions will be reviewed, approved and/or ratified by the Audit Committee, except that, in the event management determines that it is impractical to convene an Audit Committee meeting to consummate a particular transaction, the Chair of the Audit Committee (or the Independent Presiding Director, in the event the Chair or any of his or her immediate family members is the related person) has the authority to approve the transaction. The Chair of the Committee, or Independent Presiding Director, as applicable, shall report to the Audit Committee at its next meeting any approval under this policy pursuant to this delegated authority. No member of the Audit Committee may participate in any approval or ratification of a transaction with respect to which such member or any of his or her immediate family members is the related person. In preparing the Company's SEC filings and in determining whether a transaction is subject to this policy, the Company's General Counsel is entitled to make the determination of whether a particular relationship constitutes a material interest by a related person. In evaluating a transaction with a related person, the Audit Committee (or its Chair), shall consider all relevant facts and circumstances available to it and shall approve or ratify only those transactions that are in, or not inconsistent with, the best interests of the Company and its shareholders, as it determines in good faith. The Company and the Board are unaware of any transactions that required approval under this policy.

The Related Person Transaction Policy can be found on the Company's website at www.hanover.com under About Us-Corporate Governance Company Policies. For a printed copy of the policy, shareholders should contact the Company's Corporate Secretary.

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What is the Board's leadership structure, and who is the director chosen to preside at executive sessions of the Board?

We separate the roles of CEO and Chairman of the Board in recognition of the differences between the two positions. The CEO is responsible for setting the strategic direction for the Company and for the day-to-day leadership and performance of the Company, while the Chairman of the Board (or lead director if the roles were not separated) provides guidance to the CEO, sets the agenda for Board meetings and presides over shareholder meetings and meetings of the full Board. Additionally, we believe that separating the roles and having an independent Chairman of the Board or a designated lead director is consistent with corporate governance best practices and better supports effective management oversight and risk management. While we believe that these goals can be achieved without necessarily separating the CEO and Chairman of the Board designations, we also take into consideration Mr. Angelini's demonstrated skill in leading our Board and counseling management.

In accordance with the Company's Corporate Governance Guidelines, each year the Board elects from among its independent members either a non-executive Chairman of the Board or a lead director to serve as the Independent Presiding Director. The duties of the Independent Presiding Director are determined by the Board, and include presiding over board and shareholder meetings and over executive sessions of non-management directors (including the Committee of Independent Directors). Mr. Angelini, the Chairman of the Board, is the Independent Presiding Director. The Board generally convenes in executive session in connection with regularly scheduled Board meetings and at other times as deemed appropriate.

How often did the Board meet during 2013?

During 2013, there were five meetings of the full Board of Directors. All of the incumbent directors attended at least 75% of the Board and committee meetings held while they were members during 2013.

What committees has the Board established?

The standing committees of the Board consist of the Committee of Independent Directors (the *CID*), the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee (the *NCGC*). Each committee is composed solely of directors determined by the Board to be independent. The current responsibilities of each of the committees are set forth in their charters, which are available on the Company's website, www.hanover.com, under About Us-Corporate Governance-Committee Charters. For a printed copy of any committee charter, shareholders should contact the Company's Corporate Secretary.

Committee of Independent Directors

The CID, consisting of all the independent members of the Board, discharges such responsibilities as are referred to it from time to time by the Board or one of its committees. In particular, the committee is responsible for reviewing and approving the recommendations of the Compensation Committee and the NCGC, as appropriate, with respect to establishing performance criteria (goals and objectives) of our CEO, evaluating the CEO's performance and approving CEO compensation. In addition to meeting the independence requirements under NYSE regulations, each committee member must also meet the independence requirements under Section 162(m) (*Section 162(m)*) of the Internal Revenue Code (the *Code*) and generally must meet the independence requirements under Section 16 (*Section 16*) of the Securities Exchange Act of 1934 (the *Exchange Act*). While the independent members of the Board typically meet in executive session at every scheduled Board meeting and from time-to-time meet informally, the CID, acting as such, had five designated committee meetings in 2013.

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Audit Committee

The Board has made a determination that the members of the Audit Committee satisfy the requirements of the NYSE as to independence, financial literacy and experience and satisfy the independence requirements of the Sarbanes-Oxley Act of 2002. The Board has determined that Mr. Ramrath is an Audit Committee financial expert, as defined by SEC regulations. The Audit Committee is, among other things, responsible for the selection and engagement, compensation, retention, oversight and, when deemed appropriate, termination of the Company's independent registered public accounting firm. The committee also has oversight responsibility for the Company's General Auditor and must approve matters related to the General Auditor's employment and compensation. The Audit Committee regularly meets in executive session separately with representatives of PricewaterhouseCoopers LLP (*PwC*), the Company's independent registered public accounting firm, and the General Auditor, following each in-person, regularly scheduled committee meeting. Among its other responsibilities, as set for in its charter, the Audit Committee reviews the arrangements for and the results of the auditor's examination of the Company's books and records, auditors' compensation, internal accounting control procedures, and activities and recommendations of the Company's internal auditors, as well as any reports relating to the integrity of our financial statements, internal financial controls or auditing matters that are reported on our anonymous alert line. It also reviews the Company's accounting policies, control systems and compliance activities, as well as the resources of PwC dedicated to or otherwise supporting the Company's audit. As noted elsewhere, the committee is also responsible for reviewing related-person transactions and assessing the Company's risk management policies and procedures. The Audit Committee annually reviews and reassesses the adequacy of its charter. The committee held 11 meetings during 2013, including five in-person meetings. The current members of the Audit Committee are:

Joseph R. Ramrath (Chair)

Audit Committee

Neal F. Finnegan

Harriett Tee Taggart

Compensation Committee

The Compensation Committee has oversight responsibility with respect to compensation matters involving directors and executive officers of THG. It also provides general oversight of the Company's compensation structure, including compensation plans and benefits programs. In addition to meeting the independence requirements under NYSE regulations, each committee member must meet the independence requirements under Section 16 and Section 162(m). The Board has made a determination that the members of the Compensation Committee satisfy the independence requirements of the NYSE rules and applicable SEC requirements. The committee met five times in 2013. The current members of the Compensation Committee are:

P. Kevin Condron (Chair)

Compensation Committee

Wendell J. Knox

Robert J. Murray

Use of Independent Outside Compensation Consultant

In executing its compensation responsibilities, the Compensation Committee engaged Frederick W. Cook & Co., Inc. (*F.W. Cook*), which the Compensation Committee determined to be an independent consultant, to assist it in making compensation decisions and provide related information and advice.

During 2013, F.W. Cook:

regularly attended, either in person or telephonically, Compensation Committee meetings;
provided relevant market and comparative data and information;

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provided advice regarding compensation trends and issues;
provided input to the Compensation Committee and management regarding the selection of peer companies against which to evaluate compensation levels and practices;
assisted in the design of our director and executive compensation programs; and
provided advice with respect to compensation decisions relating to our executive officers.

F.W. Cook was selected by, and reports to, the Compensation Committee. F.W. Cook is not engaged by the Company for any other purpose, and the Compensation Committee reviews all compensation payable to this firm.

Pursuant to its charter, the Compensation Committee may select its outside compensation consultant only after taking into consideration factors relevant to that consultant's independence, including such factors required to be considered under the listing standards of the NYSE. The Compensation Committee reviewed such factors as it deemed appropriate, including all such factors required by NYSE listing standards, and is satisfied as to F.W. Cook's independence from the Company and its management.

Nominating and Corporate Governance Committee

The NCGC advises and makes recommendations to the Board on all matters concerning directorship and corporate governance practices and the selection of candidates as nominees for election as directors. The committee recommended this year's candidates for election and recommends Board member committee assignments to the full Board. The committee met five times in 2013. The current members of the NCGC are:

Nominating and Corporate Governance Committee

David J. Gallitano (Chair)

Michael P. Angelini

Richard H. Booth

What is the process for consideration of director nominees?

The NCGC may identify candidates for nomination to the Board through several sources, including recommendations of non-management directors, shareholders, the CEO, other executive officers, an outside search firm or other resources. Committee members review the backgrounds of candidates in light of the current needs of the Board, interview qualified candidates, conduct inquiries with references and review available information pertaining to the candidate's qualifications and background.

Director Qualifications

Members of the Board and nominees for election should possess high personal and professional ethics, integrity and values, and be committed to representing the long-term interests of our shareholders. To maintain a majority of independent directors on the Board, as required by our Corporate Governance Guidelines, the NCGC and the Board have a strong preference that nominees meet our independence standards. Board members and nominees should demonstrate initiative, be participatory and contribute a perspective based on practical experience and mature judgment. The Board seeks members who represent a broad array of experiences and expertise in the context of the evolving needs of the Board. While we do not have a formal policy in this regard, when evaluating a candidate for Board membership, the NCGC and the Board may also take into consideration factors such as diversity, age and availability to serve. In addition, without the approval of the NCGC, nominees who are CEOs (or others with similar responsibilities) should serve on no more than two other public company boards, and other nominees should serve on no more than three other public company boards. All directors and nominees for election are in compliance with this policy.

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Shareholder Nominees

The NCGC will consider qualified director candidates recommended in writing by shareholders. Shareholders who wish to suggest qualified candidates for consideration by the committee may do so by writing to the Company's Corporate Secretary, giving the candidate's name, biographical data, qualifications and confirmation that the candidate has agreed to serve if nominated and elected. All such submissions will be forwarded to the committee chairman. To allow the committee sufficient time to consider a candidate in advance of an annual meeting, shareholders should submit recommendations to the Company's Corporate Secretary by no later than December 31 of the year prior to the annual meeting. Shareholder-proposed candidates who meet the committee's minimum qualification standards, discussed in the preceding paragraph, will be evaluated in the same manner as other candidates considered by the committee for Board nomination.

Pursuant to the Company's by-laws, shareholders seeking to nominate a candidate for election to the Board without approval of the NCGC must deliver written notice of such nomination to the Company's Corporate Secretary not less than 60 days nor more than 90 days prior to the Annual Meeting. The notice must set forth the name, address and number of shares of THG stock held by the shareholder submitting the nomination, as well as information concerning the nominee that is required to be disclosed pursuant to the Exchange Act in a proxy statement soliciting proxies for the election of such nominee as a director, including a signed consent of the nominee to be named in a proxy statement and to serve as a director, if elected. In addition, the notice must be accompanied by a petition signed by at least 100 record holders of THG Common Stock representing in the aggregate at least one percent of the outstanding shares entitled to vote on the election of directors.

How can shareholders and other interested parties communicate with the Board?

Shareholders and other interested parties can communicate with the Board, including the non-management directors and the Independent Presiding Director, by writing to The Hanover Insurance Group, Inc., Board of Directors, Attn: Corporate Secretary, 440 Lincoln Street, Worcester, Massachusetts, 01653, through the Web site www.listenupreports.com or by calling 1-800-533-2547. An independent third-party service retrieves all submissions to the Web site and answers all calls to the toll-free telephone number, and passes the information on to our General Counsel, our General Auditor and the Chairman of the Audit Committee, who in turn transmit the information to the appropriate member of the Board. Communications may be anonymous or confidential. Complaints relating to the Company's accounting, internal accounting controls or auditing matters will be referred to the Chairman of the Audit Committee. Other concerns will be referred to the Chairman of the Board. All shareholder-related complaints and concerns will be received, processed and acknowledged by the Board. Further information regarding communications with the Board may be found at the Company's website, www.hanover.com, under About Us-Corporate Governance Contact the Board.

Are directors expected to attend the Annual Meeting?

All directors are expected to attend the Annual Meeting. All directors were present at last year's annual meeting.

How are the directors compensated?

The Compensation Committee (the *Committee*) is responsible for reviewing and advising the Board with respect to the Company's director compensation practices and policies. In executing such responsibilities, the Committee reviews relevant market data from external consultants to assist it in developing compensation

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recommendations. The Committee presents its recommendations to the full Board, which, usually at its May meeting, makes its compensation decision for the succeeding year (which begins immediately following the Annual Meeting of Shareholders and runs until the next Annual Meeting of Shareholders (the *Annual Compensation Cycle*)). In setting director compensation, the Board considers competitive pay levels in light of the amount of time that directors expend in fulfilling their duties to the Company, as well as the level of skill and expertise the Company requires of its Board.

For the 2013/2014 Annual Compensation Cycle, the Board adjusted its compensation as detailed in the table below. In order to align total compensation with pay levels at comparable companies, compensate current Board members for their time and efforts and improve our ability to attract new Board members, annual Board compensation was increased by \$30,000.

Fees	2013/2014 Annual Compensation Cycle	2012/2013 Annual Compensation Cycle
Annual Director Retainer		
Stock Component	\$115,000	\$100,000
Cash Component	\$75,000	\$60,000
Chairman of the Board Retainer	\$100,000	\$100,000
Committee Chairperson Retainers		
NCGC	\$9,000	\$9,000
Compensation	\$12,500	\$12,500
Audit	\$20,000	\$20,000
Committee Annual Retainer		
NCGC	\$4,500	\$4,500
Compensation	\$6,250	\$6,250
Audit	\$10,000	\$10,000

Additionally, the Company's charitable foundation provides matching contributions to qualified charities up to \$5,000 per director per year.

At the election of each director, cash retainers may be converted to Common Stock and cash and stock compensation may be deferred. Deferred cash amounts are accrued in a memorandum account that is credited with interest based on the so-called General Agreement on Tariffs and Trade (*GATT*) rate (2.80% in 2013).

Mr. Eppinger, as an employee of the Company, receives no additional compensation for his service as a member of the Board.

Table of Contents**Director Compensation Table**

The following table sets forth the total compensation for our non-employee directors for 2013.

Name	Fees Earned in Cash (\$)	Stock Awards (\$ (1))	All Other Compensation (\$ (2))	Total (\$)
Michael P. Angelini	179,507(3)	114,993(3)	5,000	299,500
Richard H. Booth (4)	47,617	68,768(3)	500	116,885
John J. Brennan (5)	32,146	46,497(3)		78,643
P. Kevin Condron	93,757	114,993(3)	5,000	213,750
Neal F. Finnegan	85,007	114,993	5,000	205,000
David J. Gallitano	88,507(3)	114,993(3)	5,000	208,500
Wendell J. Knox	81,257(3)	114,993(3)	5,000	201,250
Robert J. Murray	81,257	114,993	5,000	201,250
Joseph R. Ramrath	105,007	114,993	5,000	225,000
Harriett Tee Taggart	85,007	114,993	5,000	205,000

(1) The amounts in this column reflect the grant date fair value of the 2013-2014 annual stock retainer computed in accordance with FASB ASC Topic No. 718. To the extent applicable, assumptions used in the calculation of these amounts are included in Note 11 to the Company's audited financial statements for the fiscal year ended December 31, 2013 included in the Company's Annual Report. Messrs. Angelini, Finnegan, Gallitano and Knox, because they elected to convert (and in some cases defer) certain cash retainers, received additional stock awards during 2013. Such awards were in the amounts, and with a grant date fair value, as set forth in the table below. In order to avoid duplicative reporting, since all awards listed in the table below represent converted cash fees (the amount of which has been included in the Fees Earned in Cash column), such amounts are not included in the Stock Awards column.

Name	5/14/13 (converted cash retainers)	Grant Date Fair Value (\$)
Michael P. Angelini	3,516	179,457
Neal F. Finnegan	1,665	84,982
David J. Gallitano	1,734	88,503
Wendell J. Knox	1,592	81,256

None of our non-employee directors held any outstanding stock options or other unvested stock-based awards as of December 31, 2013. For information on the share holdings for our non-employee directors, please see "How much stock do the Company's directors and executive officers own?" on page 5.

- (2) Consists of matching contributions to qualified charitable organizations.
- (3) All or a portion of this amount has been deferred at the election of the director.
- (4) Annual cash and stock retainers were pro-rated to reflect that Mr. Booth joined the Board on October 10, 2013.
- (5) Annual cash and stock retainers were pro-rated to reflect that Mr. Brennan resigned from the Board effective October 10, 2013.

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What is the Board's role in risk oversight?

The Board of Directors is responsible for assessing major risks facing the Company and reviewing options for their mitigation. Management presentations, business updates and strategic planning discussions with the Board and its committees regularly incorporate a discussion of risks and plans for mitigating or managing such risks. The Board periodically receives reports and presentations from management and the Company's Chief Risk Officer on various matters which, in its view, merit special attention from a risk management perspective, such as with respect to counterparty risks, reserves, insured exposure aggregation levels, reinsurance levels and creditworthiness of our reinsurers, the investment portfolio, litigation and regulatory matters, technology and information security, capital considerations, acquisitions, growth plans and matters relating to leadership and succession.

In order to assist the Board in its responsibility to assess major risks, the Audit Committee is responsible for reviewing with management certain financial and business risk exposures and the steps management has taken to monitor and control such risk exposures, including the Company's enterprise risk assessment and risk management policies and procedures. Throughout the year, the Audit Committee receives periodic reports from the Company's Chief Risk Officer. The Audit Committee reports to the Board its assessment of the Company's risk management policies and procedures.

Additionally, with respect to examining risks associated with the Company's compensation plans and policies, each year a committee comprised of a cross-section of officers of the Company conducts a review and risk assessment of the Company's material incentive compensation plans. The results of this assessment are presented to the Compensation Committee in connection with the committee's approval of the Company's executive compensation plans for the upcoming year, and is also reviewed by the committee's independent compensation consultant. The results of the committee's risk assessment are also provided to each other member of the Board.

The NCGC is charged with, among other things, assessing with the Board risks associated with succession planning.

What is the Director Retirement Policy?

It is the policy of the Board that a director submit his or her resignation and retire at the Annual Meeting of Shareholders following his or her attainment of age 72. Notwithstanding the foregoing, by a vote of the Board after completion of an individual director review assessment process administered by the NCGC, the Board may decline to accept such resignation and (i) a director's retirement may be deferred for up to a total of five years if, at the time when such director would otherwise have first been required to retire, the director has not served as a director for a period in excess of ten years; and (ii) with respect to a director whose service is not eligible for an extension under clause (i) above, such director's retirement may be deferred on an annual basis up to the date of the Annual Meeting of Shareholders following his or her attainment of age 75. Any director whose retirement has been deferred in accordance with the foregoing shall again submit his or her resignation for the Board's consideration prior to each Annual Meeting thereafter.

Where can I find the Company's Code of Conduct?

The Company has adopted a Code of Conduct, which is applicable to all directors, officers and employees of the Company, including our Chief Executive Officer, Chief Financial Officer and Controller. The Code of

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Conduct is available on the Company's website at www.hanover.com under About Us-Corporate Governance Company Policies. For a printed copy of the Code of Conduct, shareholders should contact the Company's Corporate Secretary. The Company will disclose any future amendments to, or waivers of, provisions of the Code of Conduct for directors and executive officers on its website within four business days following the date of such amendment or waiver.

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ITEM I

ELECTION OF DIRECTORS

The Board currently has ten members and consists of three classes whose terms end in successive years. We propose to increase the size of our Board to eleven members.

There are six nominees for election. As a result of our recent addition of Mr. Booth and nomination of Ms. Francis, and to maintain appropriate balance in the size of each of our director classes, Robert J. Murray is being nominated to serve for a one-year term expiring in 2015, Michael P. Angelini and Karen C. Francis are each being nominated to serve for two-year terms expiring in 2016, and Richard H. Booth, David J. Gallitano and Wendell J. Knox are each being nominated to serve for three-year terms expiring in 2017.

Directors serve until the expiration of their stated term and until their successor has been duly elected and qualified or until their earlier death, resignation, removal or disqualification.

All nominees have indicated their willingness to serve and, unless otherwise directed, it is intended that proxies received in response to this solicitation will be voted in favor of the election of the nominees.

The affirmative vote of the majority of the votes properly cast (in person or by proxy) is required to elect director nominees. For purposes of electing directors, a majority of the votes cast means that the number of shares voted for a director must exceed the number of votes cast against that director. If a nominee who is serving as a director is not elected at the Annual Meeting, under Delaware law, the director would continue to serve on the Board as a holdover director. However, under our by-laws, any director who fails to be elected shall promptly tender his or her resignation to the Board. The NCGC will make a recommendation to the Board on whether to accept or reject the resignation, or whether other action should be taken. In making their determinations, the NCGC and the Board may consider any factors deemed relevant. The Board will act on the NCGC's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election results. The director who tenders his or her resignation will not vote on the NCGC's recommendation or the Board's decision. If a nominee who was not already serving as a director is not elected at the Annual Meeting, then, under Delaware law, that nominee would not become a director and would not serve on the Board as a holdover director.

In the event that any of the nominees should be unavailable to serve as a director, it is intended that the proxies will be voted for the election of such substitute nominees, if any, as shall be designated by the Board. Management has no reason to believe that any of the nominees will be unavailable to serve.

Information as to each nominee and as to directors continuing in office can be found under the section of this Proxy Statement entitled Corporate Governance.

The Board recommends a vote FOR each of the director nominees.

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ITEM II

APPROVAL OF THE HANOVER INSURANCE GROUP 2014 LONG-TERM INCENTIVE PLAN

At the Annual Meeting, shareholders will be asked to approve the adoption of The Hanover Insurance Group 2014 Long-Term Incentive Plan (the *2014 Stock Plan*), including the material terms of performance goals for performance awards granted under the 2014 Stock Plan. The 2014 Stock Plan was adopted by the Board on February 19, 2014 and will become effective upon receiving shareholder approval at the Annual Meeting.

The Board believes that equity and equity-based awards are important to incentivize our key employees (including our executive officers) and directors, to remain with the Company, to motivate them to help achieve our corporate objectives, and to align their interests with those of our shareholders. Based upon its review and consideration of the:

remaining shares available for awards under The Hanover Insurance Group 2006 Long-Term Incentive Plan (the *2006 Plan*), which is the Company's only current long-term equity incentive plan;
Company's historic rates of equity award issuances;
dilutive impact to shareholders;
equity plan guidelines established by certain institutional investors and proxy advisory firms; and
advice provided by F.W. Cook, the Compensation Committee's independent consultant,
the Board approved the 2014 Stock Plan and the share pool authorized for issuance under it, as described below.

The Board believes that the 2014 Stock Plan will promote the interests of shareholders and is consistent with principles of good corporate governance, including:

Independent Committee. The 2014 Stock Plan will be administered by the Compensation Committee, which is composed entirely of independent directors who meet the NYSE standards for independence and who meet the definitions of "outside directors" for purposes of the performance-based compensation exemption under Section 162(m) and "non-employee directors" under Rule 16b-3(b)(3) of the Exchange Act.

Limits on Awards. The 2014 Stock Plan limits the number of stock options, stock appreciation rights (SARs) and other awards that may be granted to any person in any calendar year. It also limits the amount that may be payable to any person in any calendar year under cash awards made pursuant to the plan and contains a separate limit that applies to awards granted to our non-employee directors.

No Discounted Stock Options or SARs. All stock option and SAR awards under the 2014 Stock Plan must have an exercise or base price that is not less than the fair market value of an underlying share of our Common Stock on the date of grant.

No Repricing. Other than in connection with a corporate transaction affecting the Company, the 2014 Stock Plan prohibits any repricing of stock options or SARs without shareholder approval.

Performance Awards. Under the 2014 Stock Plan, the Compensation Committee may grant performance-based awards that are intended to qualify as exempt performance-based compensation under Section 162(m), as well as other performance-based awards.

Fungible Share Design. Each award granted under the 2014 Stock Plan, other than a stock option or SAR, will be counted against the share pool at a ratio of 3.8 shares to each share underlying the award.

Limitation on Dividend Equivalents. The 2014 Stock Plan prohibits payment of dividend equivalents on outstanding stock options, SARs and unearned performance awards.

Table of Contents**Existing Equity Plan Information**

As of February 28, 2014, our 2006 Plan had 268,774 shares available for future equity award grants. To the extent that we issue any additional awards under the 2006 Plan after February 28, 2014, such shares shall reduce the number of shares that can be issued under the 2014 Stock Plan. See section entitled *Authorized Shares* below for more information. If the 2014 Stock Plan is approved by our shareholders, we will cease granting awards under the 2006 Plan.

The following table includes information, as of February 28, 2014, regarding awards outstanding under our 2006 Plan and the proposed number of shares issuable under the 2014 Stock Plan. As of February 28, 2014, 43,998,472 shares of our Common Stock were issued and outstanding.

	Number of shares
Shares subject to outstanding stock options and SARs under the 2006 Plan (1)	2,639,200
Shares subject to awards, other than stock options and SARs, outstanding under the 2006 Plan (so called <i>full value awards</i>)	847,221
Total shares subject to all outstanding awards under the 2006 Plan	3,486,421
Proposed new shares available for future awards under 2014 Stock Plan (2)	6,100,000
Number of shares that <i>may</i> become available for reissuance under the 2014 Stock Plan as a result of the cash settlement, forfeiture, expiration or cancellation of awards outstanding under the 2006 Plan after February 28, 2014 (2)(3)	5,858,640

- (1) The Company did not issue any SARs under the 2006 Plan. Accordingly, the number above represents outstanding stock options only. The weighted average exercise price of such options is \$45.56 and the weighted average remaining term for such options is 7.21 years.
- (2) Because the 2014 Stock Plan does not specify the mix of stock options and SARs, on one hand, and full-value awards, on the other, it is not possible to determine the amount of subsequent dilution that may ultimately result from such awards. In addition, the share pool under the 2014 Stock Plan is subject to reduction as described in *Authorized Shares* below.
- (3) Represents the number of shares subject to all outstanding awards under the 2006 Plan as of February 28, 2014, adjusted to reflect the fungible share ratio under the 2014 Stock Plan. All outstanding (i) options and SARs under the 2006 Plan, to the extent that such awards are cash settled, forfeited, cancelled or expire, will again be available for issuance under the 2014 Stock Plan on a 1 for 1 share basis, and (2) full-value awards under the 2006 Plan, to the extent such awards are cash settled, forfeited, canceled or expire, will again be available for issuance under the 2014 Stock Plan on a 3.8 for 1 share basis. For a description of how these shares may become available for issuance under the 2014 Stock Plan, please see *Authorized Shares* below.

Reasons for Seeking Shareholder Approval

The Board believes that equity grants are a critical part of the Company's compensation program. Shareholder approval of the 2014 Stock Plan would allow us to continue to attract and retain directors, executives, and other employees with equity and equity-based incentives. In fiscal 2011, 2012 and 2013, the Company made equity awards under the 2006 Plan totaling approximately 571,000 shares, 915,000 shares, and 864,000 shares, respectively. The Company estimates that the availability of the proposed shares under the 2014 Stock Plan would provide a sufficient additional number of shares to enable the Company to continue to make awards at historical grant rates for approximately four to five years.

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In addition, shareholder approval of the 2014 Stock Plan would preserve our ability to grant a range of tax-efficient cash and stock-based incentive awards under the 2014 Stock Plan. Section 162(m) generally provides that compensation provided to a publicly held corporation's CEO or any of its three most highly paid named executive officers (other than its CEO or CFO) is not deductible by the corporation for U.S. income tax purposes for any taxable year to the extent it exceeds \$1 million. This limitation does not apply to compensation that qualifies as exempt performance-based compensation by meeting certain requirements under Section 162(m), including the requirement that the material terms of the related performance goals be disclosed to and approved by shareholders every five years. These requirements are described below under Eligibility, Individual Limits and Performance Criteria. Shareholders are being asked to approve, among other material terms, a set of business criteria on which performance goals may be based for performance awards under the 2014 Stock Plan. Although shareholder approval is one of the requirements for exemption under Section 162(m), even with shareholder approval there can be no guarantee that compensation will be treated as exempt performance-based compensation under Section 162(m). Furthermore, the Compensation Committee will continue to have authority to provide compensation that is not exempt from the limits on deductibility under Section 162(m).

If shareholders do not approve this Item II, the 2006 Plan will continue in accordance with its terms, but we will have limited shares available for future equity grants.

Summary of the 2014 Stock Plan

A copy of the 2014 Stock Plan is attached as *Annex I*. The following description of certain features of the 2014 Stock Plan is qualified in its entirety by reference to the full text of the plan.

Plan Administration. The 2014 Stock Plan is administered by the Compensation Committee, who has the authority to, among other things, interpret the 2014 Stock Plan, determine eligibility for, grant and determine the terms of awards under the 2014 Stock Plan, and to do all things necessary or appropriate to carry out the purposes of the 2014 Stock Plan. The Compensation Committee's determinations under the 2014 Stock Plan are conclusive and binding. The Compensation Committee has the authority to delegate certain of its functions under the 2014 Stock Plan to one or more of its members, to certain officers, and to certain other persons in accordance with the terms of the plan.

Term. No awards will be made after May 20, 2024, but previously granted awards may continue beyond that date in accordance with their terms.

Authorized Shares. Subject to adjustment, the maximum number of shares of our Common Stock that may be delivered in satisfaction of awards under the 2014 Stock Plan is (a) 6,100,000 shares of a new share pool *plus* (b) up to such number of shares of our Common Stock subject to outstanding awards under the 2006 Plan (not to exceed 5,858,640 shares as calculated using the fungible share ratio under the 2014 Stock Plan) that may become available as a result of the cash settlement, forfeiture, expiration or cancellation of such awards after February 28, 2014 as described below (the *Share Pool*). The Share Pool will be reduced by one share of Common Stock for every one share of Common Stock that was subject to a stock option or SAR granted after February 28, 2014 under the 2006 Plan and by 3.8 shares of Common Stock for every one share of Common Stock that was subject to a full value award granted after February 28, 2014 under the 2006 Plan. Any shares of Common Stock underlying awards granted under the 2006 Plan or the 2014 Stock Plan that are settled in cash or that otherwise expire, terminate or are forfeited, will again be available for issuance under the 2014 Stock Plan. Shares withheld by the Company to satisfy a tax withholding obligation with respect to full value awards issued under the 2006

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Plan (for withholding occurring after February 28, 2014) or the 2014 Stock Plan shall be available for re-issuance under the 2014 Stock Plan. Shares of Common Stock that are withheld by the Company in payment of the exercise price of stock options or SARs or, after February 28, 2014, shares withheld in respect of stock options or SARs granted under the 2006 Plan, or in satisfaction of the tax withholding requirements with respect to such awards will not again be available for issuance under the 2014 Stock Plan. Each share of Common Stock underlying an option or SAR award will count against the Share Pool as one share, and each share of Common Stock underlying any other award will count against the Share Pool as 3.8 shares. Any shares that again become available under the 2006 Plan or the 2014 Stock Plan will be returned to the Share Pool at the rates described in the preceding sentence (e.g., one share of Common Stock will become available again for each share underlying a stock option or SAR that is forfeited and 3.8 shares of Common Stock will become available again for each share underlying an award that is not a stock option or SAR that is forfeited). Shares delivered under the 2014 Stock Plan may consist of authorized but unissued shares of our Common Stock or previously issued shares of our Common Stock acquired by the Company. On March 10, 2014, the closing price of our Common Stock as reflected on the NYSE was \$59.66.

Individual Limits. The maximum number of shares for which options may be granted and the maximum number of shares of stock subject to SARs which may be granted to any person in any calendar year is, in each case, 500,000 shares. The maximum number of shares subject to other awards that may be granted to any person in any calendar year is 150,000 shares. The maximum aggregate cash award that may be payable to any person in any calendar year is \$5,000,000.

Non-Employee Director Limits. The aggregate award value (measured on the grant date and determined in accordance with applicable financial accounting rules) that may be granted to any non-employee director of the Board in any calendar year may not exceed \$500,000 in aggregate grant date fair value, excluding any shares of Common Stock granted pursuant to an election to receive an award of shares in lieu of cash retainers and other fees.

Eligibility. The Compensation Committee selects participants from among the key employees, directors, consultants, advisors and other service providers of the Company and its affiliates. Eligibility for options intended to be incentive stock options (*ISOs*) is limited to employees of the Company or certain affiliates. As of March 10, 2014, approximately 5,100 employees and all of our non-employee directors would be eligible to participate in the 2014 Stock Plan.

Types of Awards. The 2014 Stock Plan provides for grants of options, SARs, restricted and unrestricted stock and stock units, performance awards, cash awards and other awards convertible into or otherwise based on shares of our Common Stock. Dividend equivalents may also be provided in connection with awards (other than with respect to stock options and SARs) under the 2014 Stock Plan.

Stock Options and SARs: The 2014 Stock Plan provides for the grant of ISOs, non-qualified stock options (*NSOs*), and SARs. The exercise price of an option, and the base price against which a SAR is to be measured, may not be less than the fair market value (or, in the case of an ISO granted to a ten percent stockholder, 110% of the fair market value) of a share of our Common Stock on the date of grant. The Compensation Committee determines when stock options or SARs become exercisable and the terms on which such awards remain exercisable. Stock options and SARs will generally have a maximum term of ten years. SARs are payable in cash, in shares of our Common Stock or in a combination of cash and shares.

Restricted and Unrestricted Stock: A restricted stock award is an award of stock subject to forfeiture restrictions, while an unrestricted stock award is not subject to restrictions.

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Stock Units: A stock unit award is denominated in shares of Common Stock and entitles the participant to receive stock in the future. The delivery of Common Stock under a stock unit may be subject to the satisfaction of performance or other vesting conditions.

Performance Awards: A performance award is an award the vesting, settlement or exercisability of which is subject to specified performance criteria.

Cash Awards: A cash award is an award denominated in cash.

Vesting. The Compensation Committee has the authority to determine the vesting schedule applicable to each award, and to accelerate the vesting or exercisability of any award.

Termination of Employment or Service. The Compensation Committee determines the effect of termination of employment or service on an award. Unless otherwise provided by the Compensation Committee or in an award agreement, upon a termination of employment or service, all unvested options and other awards requiring exercise will terminate and all other unvested awards will be forfeited.

Performance Criteria. The 2014 Stock Plan provides that grants of performance awards may be made based upon, and subject to achieving, performance objectives over a specified performance period. Performance objectives with respect to those awards that are intended to qualify as performance-based compensation for purposes of Section 162(m) are limited to an objectively determinable (whether by reference to audited financials, ratings or surveys prepared by an unaffiliated rating or survey service, or otherwise) measure of performance relating to any, or any combination of, the following (measured either on an absolute basis and/or relative basis and/or by reference to an index or indices or other measure, based upon internal targets, the past performance of the Company and/or the past or current performance of other companies and determined either on a consolidated basis or, as the context permits, on a divisional, segment, subsidiary, line of business, project, individual, geographical or adjusted basis or in combinations thereof): sales; revenues; assets; expenses; book value; risk management; earnings before or after deduction for all or any portion of interest, taxes, depreciation, amortization, or capital gains or losses, determined on the basis of operations, continuing operations or otherwise and on an aggregate or per share basis; written or earned premium growth, direct or net; written or earned premium, direct or net; new business premium, direct or net; policy retention; premium retention; policies in force; pricing; underwriting income; investment income or yield; segment income; operating income; return on equity, investment, capital or assets; one or more operating ratios (including, without limitation, loss and loss adjustment expense ratio, catastrophe loss ratio, combined ratio, expense ratio, accident or calendar year); borrowing levels, leverage ratios or credit rating; financial strength rating; market share; productivity improvements; capital expenditures; cash flow; stock price; stockholder return; economic value added; surplus levels or growth; product development; sales of particular products or services; development of business goals; customer acquisition, satisfaction or retention; service levels or standards; leadership effectiveness; business development; or the occurrence of, or participation in the negotiation or effectuation of, any of: acquisitions and divestitures (in whole or in part), joint ventures and strategic alliances, spin-offs, split-ups and the like, reorganizations, or recapitalizations, restructurings, financings (issuance of debt or equity) or refinancings.

To the extent consistent with the requirements for satisfying the performance-based compensation exception under Section 162(m), the Compensation Committee may provide in the case of any award intended to qualify for such exception that one or more of the performance objectives applicable to an award will be adjusted in an objectively determinable manner to reflect events (for example, acquisitions and divestitures, catastrophes) occurring during the performance period of such award that affect the applicable performance objectives.

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Transferability. Awards under the 2014 Stock Plan generally may not be transferred except by will or by the laws of descent and distribution. The Compensation Committee may permit the gratuitous transfer of awards other than ISOs to any transferee eligible to be covered by the provisions of Form S-8 under the Securities Act of 1933.

Corporate Transactions and Change in Control. In the event of a consolidation, merger or similar transaction, a sale or transfer of all or substantially all of the Company's assets or a dissolution or liquidation of the Company (each, a *Covered Transaction*) or a change in control of the Company (as defined in the 2014 Stock Plan), the Compensation Committee may, among other things, provide for the continuation or assumption of outstanding awards, for new grants in substitution of outstanding awards, for the accelerated vesting or delivery of shares under awards or for a cash-out of outstanding awards, in each case on such terms and with such restrictions as it deems appropriate. Except as the Compensation Committee may otherwise determine, awards not assumed will terminate upon the consummation of such Covered Transaction or change in control.

Adjustment. In the event of certain corporate transactions (including, but not limited to, a stock dividend, stock split or combination of shares, recapitalization or other change in the Company's capital structure that constitutes an equity restructuring within the meaning of ASC 718), the Compensation Committee will make appropriate adjustments to the maximum number of shares that may be delivered under and the individual limits included in the 2014 Stock Plan, and will also make appropriate adjustments to the number and kind of shares of stock or securities subject to awards, the exercise prices of such awards or any other terms of awards affected by such change. The Compensation Committee may also make the types of adjustments described above to take into account distributions to shareholders and events other than those listed above if it determines that such adjustments are appropriate to avoid distortion in the operation of the 2014 Stock Plan.

Amendment and Termination. The Compensation Committee can amend the 2014 Stock Plan or outstanding awards, or terminate the 2014 Stock Plan as to future grants of awards, except that the Compensation Committee will not be able alter the terms of an award if it would materially and adversely affect a participant's rights under the award without the participant's consent (unless expressly provided in the 2014 Stock Plan or reserved by the Compensation Committee at the time of grant). Shareholder approval will be required for any amendment to the extent such approval is required by law, including the Code or applicable stock exchange requirements.

Recoupment. Awards held by a participant are subject to forfeiture, termination and rescission, and a participant will be obligated to return to the Company payments received with respect to awards granted under the 2014 Stock Plan to the extent required by any applicable Company clawback or recoupment policy, as such policy may be amended and in effect from time to time, or as otherwise required by law, regulation or applicable stock exchange listing standards.

Awards under other Plans. Nothing in the 2014 Stock Plan limits the Company's ability to make any award to any person under any other plan or arrangement or on an ad hoc basis.

U.S. Federal Income Tax Consequences Relating to the 2014 Stock Plan

The following is a summary of some of the material federal income tax consequences associated with the grant and exercise of awards under the 2014 Stock Plan under current federal tax laws and certain other tax considerations associated with awards under the 2014 Stock Plan. The summary does not address tax rates or non-U.S., state or local tax consequences, nor does it address employment tax or other federal tax consequences, except as noted.

Restricted Stock. A participant who is awarded or purchases shares subject to a substantial risk of forfeiture generally does not have income until the risk of forfeiture lapses. When the risk of forfeiture lapses, the

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participant has ordinary income equal to the excess of the fair market value of the shares at that time over the purchase price, if any, and a corresponding deduction is generally available to the Company. However, a participant may make an election under Section 83(b) of the Code to be taxed on restricted stock when it is acquired rather than later, when the substantial risk of forfeiture lapses. An 83(b) election must be made not later than thirty (30) days after the transfer of the shares to the participant and must satisfy certain other requirements. A participant who makes an effective 83(b) election will realize ordinary income equal to the fair market value of the shares as of the time of acquisition less any price paid for the shares. A corresponding deduction will generally be available to the Company. Fair market value for this purpose is determined without regard to the forfeiture restrictions. If a participant makes an effective 83(b) election, no additional income results by reason of the lapsing of the restrictions.

For purposes of determining capital gain or loss on a sale of shares awarded under the 2014 Stock Plan, the holding period in the shares begins when the participant realizes taxable income with respect to the transfer. The participant's tax basis in the shares equals the amount paid for the shares plus any income realized with respect to the transfer. However, if a participant makes an effective 83(b) election and later forfeits the shares, the tax loss realized as a result of the forfeiture is limited to the excess of what the participant paid for the shares (if anything) over the amount (if any) realized in connection with the forfeiture.

ISOs. In general, a participant realizes no taxable income upon the grant or exercise of an ISO. However, the exercise of an ISO may result in an alternative minimum tax liability to the participant. With some exceptions, a disposition of shares purchased under an ISO within two years from the date of grant or within one year after exercise produces ordinary income to the participant (and generally a deduction to the Company) equal to the value of the shares at the time of exercise less the exercise price. Any additional gain recognized in the disposition is treated as a capital gain for which the Company is not entitled to a deduction. If the participant does not dispose of the shares until after the expiration of these one and two-year holding periods, any gain or loss recognized upon a subsequent sale is treated as a long-term capital gain or loss for which the Company is not entitled to a deduction.

NSOs. In general, a participant has no taxable income upon the grant of an NSO but realizes income in connection with exercise of the option in an amount equal to the excess (at time of exercise) of the fair market value of the shares acquired upon exercise over the exercise price. A corresponding deduction is generally available to the Company. Upon a subsequent sale or exchange of the shares, any recognized gain or loss is treated as a capital gain or loss for which the Company is not entitled to a deduction. An ISO that is exercised more than three months after termination of employment (other than termination by reason of death) is generally treated as an NSO. ISOs are also treated as NSOs to the extent they first become exercisable by an individual in any calendar year for shares having a fair market value (determined as of the date of grant) in excess of \$100,000.

SARs. The grant of a SAR does not itself result in taxable income, nor does taxable income result merely because a SAR becomes exercisable. In general, a participant who exercises a SAR for shares of stock or receives payment in cancellation of a SAR will have ordinary income equal to the amount of any cash and the fair market value of any stock received. A corresponding deduction is generally available to the Company.

Restricted Stock Units. The grant of a restricted stock unit does not itself generally result in taxable income. Instead, the participant is taxed upon vesting (and a corresponding deduction is generally available to the Company), unless he or she has made a proper election to defer receipt of the shares under Section 409A of the Code (*Section 409A*). If the shares delivered are restricted for tax purposes, the participant will instead be subject to the rules described above for restricted stock.

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Section 162(m). Stock options, SARs and certain performance awards under the 2014 Stock Plan are generally intended to be exempt or eligible for exemption from the deductibility limits of Section 162(m). However, as discussed above in *Reasons for Seeking Shareholder Approval*, the Compensation Committee will have discretionary authority to provide compensation that is not exempt from the limits on deductibility under Section 162(m).

Certain Change of Control Payments. Under Section 280G of the Code, the vesting or accelerated exercisability of options or the vesting and payments of other awards in connection with a change of control of a corporation may be required to be valued and taken into account in determining whether participants have received compensatory payments, contingent on the change in control, in excess of certain limits. If these limits are exceeded, a substantial portion of amounts payable to the participant, including income recognized by reason of the grant, vesting or exercise of awards, may be subject to an additional 20% federal tax and may be non-deductible to the Company.

New Plan Benefits

No awards will be granted under the 2014 Stock Plan prior to its approval by our shareholders. The Compensation Committee has full discretion to determine the number and amount of awards to be granted to participants under the 2014 Stock Plan, subject to the limits described above under *Individual Limits*, *Non-Employee Director Limits* and other terms of the plan. Therefore, the future benefits or amounts that would be received by the executive officers and the groups named in the table below under the 2014 Stock Plan are not determinable at this time. The following table shows the awards that were made to such executive officers and groups under the 2006 Plan during the 2013 fiscal year:

Name	Stock Options	Full-value awards (performance awards measured at target)
Frederick Eppinger	140,000	38,000
Robert A. Stuchbery		10,646
David B. Greenfield	47,500	13,600
J. Kendall Huber	26,250	7,500
Andrew S. Robinson	26,250	7,500
Maria Zuraitis	45,000	12,900
All current executive officers as a group	324,250	102,446
All current non-employee directors as a group		27,759
All other employees, excluding executive officers and directors, as a group	168,550	136,564

Required Vote

The affirmative vote of a majority of the votes properly cast (in person or by proxy) is required for approval of the 2014 Stock Plan. Abstentions, because they are not votes cast, are not counted for this proposal and will have no effect on the outcome.

The Board recommends a vote FOR the approval of this proposal.

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ITEM III

APPROVAL OF THE CHAUCER SHARE INCENTIVE PLAN

At the Annual Meeting, shareholders will be asked to approve the Chaucer Share Incentive Plan (the *Chaucer SIP*). The Chaucer SIP was initially established by Chaucer Holdings PLC (*Chaucer*), a U.K. subsidiary of the Company, on October 12, 2011, was amended on January 31, 2012 and approved by our Board, pending shareholder approval at the Annual Meeting, on February 19, 2014. Currently, the Chaucer SIP is administered as a sub-plan under the 2006 Plan and shares issued under the Chaucer SIP reduce the number of shares available under our 2006 Plan, which will be replaced by the 2014 Stock Plan if shareholders approve the 2014 Stock Plan, as described more fully in Item II of this Proxy Statement.

The purpose of the Chaucer SIP is to provide qualifying employees of Chaucer and certain of its eligible subsidiaries with the opportunity to acquire shares of our Common Stock on a U.K. tax-advantaged basis, and thereby acquire an interest in the future of the Company. The Chaucer SIP is only open to U.K. resident taxpayers. The Chaucer SIP has been approved by HM Revenue & Customs, the U.K. tax authority. If shareholders approve the Chaucer SIP, we would not expect to use the 2006 Plan or the 2014 Stock Plan to satisfy future awards under the Chaucer SIP.

The maximum aggregate number of shares of our Common Stock that may be issued under the Chaucer SIP will be 750,000 shares (the *Chaucer Share Pool*), subject to adjustment as provided for in the plan. The Chaucer Share Pool represents 1.7% of the total number of shares of our Common Stock outstanding as of February 28, 2014. In establishing the Chaucer Share Pool, the Board considered the potential dilutive impact to shareholders, the projected participation rate over the ten-year term of the plan, and equity plan guidelines established by certain proxy advisory firms.

A copy of the Chaucer SIP is attached as *Annex II*. The following description of certain features of the Chaucer SIP is qualified in its entirety by reference to the full text of the plan.

Summary of the Chaucer SIP

Administration. The Chaucer SIP is administered by the Compensation Committee, which has the right to, among other things, determine, within U.K. statutory guidelines, eligibility for participation in the Chaucer SIP, grant awards and establish vesting conditions for awards. Pursuant to delegation authority under the Chaucer SIP, the Compensation Committee may delegate certain of its administrative functions and duties to such persons as it deems appropriate. The Compensation Committee has delegated certain of its administrative duties, subject to its review and supervision, to the board of directors of Chaucer Syndicates Limited as well as to the trustee of the Chaucer SIP.

Shares Subject to the Plan. The maximum number of shares of our Common Stock that may be issued under the Chaucer SIP is 750,000 shares, subject to adjustment as provided in the plan. Shares delivered under the Chaucer SIP may consist of authorized but unissued shares or treasury shares or may consist of shares purchased in the open market. Any shares issued to a participant under the Chaucer SIP after May 20, 2014 which are forfeited by the participant will once again be available for issuance under the Chaucer SIP. On March 10, 2014, the closing price of our Common Stock as reflected on the NYSE was \$59.66.

Shares of our Common Stock acquired by a participant under the Chaucer SIP are held in trust by the trustee of the Chaucer SIP until such shares are transferred from the trust to the participant in accordance with the rules of the Chaucer SIP.

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Eligibility. Participation in the Chaucer SIP is open to all employees of Chaucer and certain of its eligible subsidiaries who satisfy eligibility requirements established by the plan. As of March 10, 2014, approximately 800 employees were eligible to participate in the Chaucer SIP. Employees of The Hanover Insurance Company are generally not eligible to participate in the Chaucer SIP.

Term. No awards will be made after May 20, 2024, but previously granted awards may continue beyond that date in accordance with their terms.

Types of Awards. There are four types of awards under the Chaucer SIP:

Partnership Shares. A participant may invest in shares of our Common Stock by contributing any amount from £10 up to the maximum amount permitted under applicable law (currently, £125, and effective April 6, 2014, £150) per month from his or her pre-tax salary to purchase shares of our Common Stock, up to an annual maximum prescribed by applicable law (currently £1,500, and effective April 6, 2014, £1,800), but in no event more than 10% of the participant's salary;

Matching Shares. The Compensation Committee may choose from time to time to award shares of Common Stock at a ratio of up to two matching shares for each partnership share acquired by a participant;

Free Shares. The Compensation Committee may, at its sole discretion, choose to award shares to a participant with a value up to an annual maximum prescribed by law (currently £3,000, and effective April 6, 2014, £3,600). An award of free shares may be subject to performance and other vesting conditions and must be offered on similar terms to all eligible employees; and

Dividend Shares. Any dividends paid on shares of our Common Stock held by a participant while such shares remain in the trust associated with the Chaucer SIP may be re-invested in shares of our Common Stock, at the election of a participant.

Transferability and Holding Periods. Shares of Common Stock acquired under the Chaucer SIP are freely transferable once they have been withdrawn from the trust. There are restrictions, however, on when a participant may withdraw Common Stock from the trust, and certain shares of Common Stock will be subject to less advantageous U.K. tax treatment if they are withdrawn from the trust before the end of certain specified holding periods.

Upon cessation of employment with Chaucer or a subsidiary participating in the Chaucer SIP, a participant must withdraw his or her shares from the trust. Depending on the reason for the cessation of employment, the type of award, and any applicable holding period, the participant's shares may be subject to forfeiture or to less advantageous U.K. tax treatment upon such withdrawal.

Adjustment. In the event of any variation in the ordinary share capital of the Company or any capitalization of profits or reserves by way of consolidation, sub-division, bonus issue, stock dividend, stock split, recapitalization, reduction of the Company's ordinary share capital or other capital change, or in respect of any discount element in any rights issue, the Compensation Committee may adjust the shares available for issuance under the Chaucer SIP in such manner and with effect from such date as the Compensation Committee determines to be appropriate.

Amendment and Termination. The Compensation Committee may amend the Chaucer SIP at any time except if such amendment would cause the Chaucer SIP to cease to become an Employees Share Scheme under U.K. law, if it would materially adversely affect the rights of participants (unless participants are given the opportunity to, and a majority do, approve the amendment or the amendment is one of certain permitted non-material amendments), or if it would offend the rule against perpetuities. Any amendment that requires the approval of the HM Revenue & Customs will not be effective until such approval is obtained.

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The Board may terminate the Chaucer SIP at any time by issuing a termination notice to the trustee.

New Plan Benefits. Because benefits under the Chaucer SIP depend, in part, on employees' elections to participate in the plan, it is not possible to determine future benefits that will be received by executive officers and other employees under the plan. However, during 2013, the plan had approximately 285 participants and issued, through the 2006 Plan, an aggregate of 28,603 shares. Currently, only one executive officer of the Company, Robert Stuchbery, is eligible to participate in the Chaucer SIP.

U.K. Income Tax Consequences Relating to the Chaucer SIP

The following discussion summarizes certain material U.K. tax consequences of awards under the Chaucer SIP. The summary does not cover U.S. federal tax that may be associated with the Chaucer SIP, or state or local taxes.

No U.K. income tax or national insurance contributions (*NICs*) are payable when a participant acquires shares under the Chaucer SIP, and U.K. capital gains tax is not payable on any increase in the value of shares while they are held in the Chaucer SIP trust.

If shares are withdrawn from the Chaucer SIP trust before certain holding periods are met, U.K. income tax and NICs may be payable on some or all of the value of the shares withdrawn, depending on the circumstances. No income tax or NICs will be payable on dividend shares withdrawn after the completion of a three-year holding period. No income tax or NICs will be payable on partnership shares, matching shares or free shares withdrawn after the completion of a five-year holding period.

Partnership shares withdrawn before the completion of a three-year holding period will normally be subject to U.K. income tax and NICs on the value of the shares calculated based on the market value of the shares on the day of the withdrawal. Partnership shares withdrawn during the period of three years and five years following the date of acquisition will normally be subject to U.K. income tax and NICs on the lesser of the market value on the day of the withdrawal and the amount paid to acquire the shares.

Matching shares and free shares withdrawn during the period of between three years and five years following the date of acquisition will normally be subject to U.K. income tax and NICs on the lesser of the market value of the shares on the day of the withdrawal and the day on which the shares were acquired. Matching shares and free shares may only be withdrawn prior to the completion of a three-year holding period in certain specified circumstances, in which case such withdrawal will be free from U.K. income tax and NICs.

Dividend shares withdrawn before the completion of a three-year holding period may be subject to U.K. income tax, depending on the participant's marginal rate of tax.

Dividends on shares of our Common Stock may be subject to U.S. withholding tax.

Required Vote

The affirmative vote of a majority of the votes properly cast (in person or by proxy) is required for approval of the Chaucer SIP. Abstentions, because they are not votes cast, are not counted for this proposal and will have no effect on the outcome.

The Board recommends a vote FOR the approval of this proposal.

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ITEM IV

APPROVAL OF THE HANOVER INSURANCE GROUP

2014 EMPLOYEE STOCK PURCHASE PLAN

At the Annual Meeting, shareholders will be asked to approve the adoption of The Hanover Insurance Group 2014 Employee Stock Purchase Plan (the *Hanover ESPP*). The Hanover ESPP was adopted by our Board on February 19, 2014 and will become effective upon receiving shareholder approval at our Annual Meeting.

The purpose of the Hanover ESPP is to enable eligible employees of the Company and of certain of its subsidiaries to purchase shares of our Common Stock and thereby acquire an interest in the future of the Company. The Hanover ESPP is intended to meet the requirements of Section 423 of the Code.

The maximum aggregate number of shares of our Common Stock that may be purchased under the Hanover ESPP will be 2,500,000 (the *ESPP Share Pool*), subject to adjustment as provided for in the plan. The ESPP Share Pool represents 5.7% of the total number of shares of our Common Stock outstanding as of February 28, 2014. In establishing the ESPP Share Pool, the Board considered the potential dilutive impact to shareholders, the projected participation rate over the ten-year term of the plan, equity plan guidelines established by certain proxy advisory firms and advice provided by F.W. Cook.

The full text of the Hanover ESPP is set forth in *Annex III*. The following description of certain features of the Hanover ESPP is qualified in its entirety by reference to the full text of the plan.

Summary of the Hanover ESPP

Administration. The Hanover ESPP will be administered by the Compensation Committee, which will have the right to determine questions that may arise regarding the interpretation and application of plan provisions and to make, administer and interpret such rules as it deems necessary or advisable. The Compensation Committee may delegate its authority under this plan to a sub-committee comprised of one or more of its members, to members of our Board, or to officers or employees of the Company to the extent permitted by law.

Shares Subject to the Plan. Subject to adjustment, the ESPP Share Pool is 2,500,000 shares of our Common Stock. Shares delivered upon exercise of options under the Hanover ESPP may be either shares of authorized but unissued Common Stock, treasury stock, or Common Stock acquired in an open-market transaction, all as our Board may determine. If any option granted under the Hanover ESPP expires or terminates for any reason without having been exercised in full or ceases for any reason to be exercisable in whole or in part, the unpurchased shares of Common Stock will again be available for purchase pursuant to the exercise of options under the Hanover ESPP. On March 10, 2014, the closing price of our Common Stock as reflected on the NYSE was \$59.66.

Eligibility. Participation in the Hanover ESPP will be limited to eligible employees who (a) customarily work 20 hours or more per week and for more than 5 months per calendar year, and (b) satisfy the requirements set forth in the Hanover ESPP. Any employee who owns (or is deemed under statutory attribution rules to own) stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Company or any of its subsidiaries will not be eligible to participate in the Hanover ESPP. As of March 10, 2014, approximately 4,300 employees would be eligible to participate in the ESPP, including all of our executive officers, other than Robert Stuchbery. Employees of Chaucer are not eligible to participate in the Hanover ESPP.

General Terms of Participation. The Hanover ESPP allows eligible employees to purchase shares during certain offering periods, which generally will be six-month periods commencing January 1 and ending June 30 and

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commencing July 1 and ending December 31 of each year. During each offering period, eligible employees will be given the option to purchase up to 500 shares of our Common Stock (or such lesser number as the Compensation Committee may prescribe). Prior to the start of an offering period, the Compensation Committee will set the purchase price of each share of our Common Stock to be 85% (or such greater percentage as specified by the Compensation Committee) of one of the following: (a) the fair market value of a share of our Common Stock on date the option is granted, which will be the first day of the offering period, (b) the fair market value of a share of our Common Stock on the exercise date, which will be the last day of the offering period, or (c) the lesser of (a) and (b). In order to participate in the Hanover ESPP, an eligible employee must execute and deliver to the administrator a payroll deduction and participation authorization form as prescribed by the administrator. The payroll deduction and participation authorization form must be delivered to the administrator no later than ten business days prior to the first day of the offering period (or such other period specified by the Compensation Committee).

The Compensation Committee has the discretion to change the initial date and exercise dates of offering periods, the purchase price, the maximum number of shares that may be purchased per option period, the maximum amount of payroll authorizations per option period (including the definition of compensation) and may change the duration of any offering periods without shareholder approval.

Participants in the Hanover ESPP will pay for shares of our stock through payroll deductions. Participants may elect to authorize payroll deductions between 1% and 10% of the participant's total base compensation per payroll period, including base pay or base salary, overtime, and shift differentials. During an offering period the amount of payroll deductions may not be changed. An authorization of payroll deductions will remain in effect for subsequent offering periods unless a participant terminates the authorization by timely delivering written notice to the Company. Upon cancellation, any amount withheld from a participant's compensation will be returned to the participant, without interest, as soon as administratively practicable. Upon termination of employment prior to an exercise date for an offering period, a participant's option will be cancelled automatically, and the balance of his or her withholding account will be returned, without interest, as soon as administratively practicable.

Transfer Restrictions on Stock Acquired under the Hanover ESPP. For participants who have acquired shares of our Common Stock under the Hanover ESPP, there is a required minimum six-month holding period (or such other length as may be determined by the Compensation Committee), during which the participant may not sell or transfer the shares of Common Stock, other than by will or by the laws of descent and distribution.

In addition, for such period determined by the Compensation Committee, Common Stock acquired under the Hanover ESPP cannot be transferred from the account where the shares are initially held until such shares are sold through the Hanover ESPP's custodian and record keeper.

Adjustment. In the event of any change in the outstanding Common Stock by reason of a stock dividend, split-up, recapitalization, merger, consolidation, reorganization, or other capital change, the aggregate number and type of shares available for purchase under the Hanover ESPP, the maximum number and type of shares purchasable during an offering period, and the purchase price per share will be appropriately adjusted.

Change of Control. In the event of a merger or similar transaction or change of control, the Compensation Committee will provide that any outstanding option will be assumed or substituted for, or will be cancelled with a return of any amounts contributed by or withheld from the compensation of a participant, or that the option period will end before the date of the proposed sale or merger.

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Amendment; Termination. Our Board has discretion to amend the Hanover ESPP to any extent and in any manner it may deem advisable, provided that any amendment that would be treated as the adoption of a new plan for purposes of Section 423 of the Code will require shareholder approval.

New Plan Benefits. Because benefits under the Hanover ESPP depend on employees' elections to participate in the plan and the fair market value of the shares of our Common Stock at various future dates, it is not possible to determine future benefits that will be received by executive officers and other employees under the plan. No employee may purchase shares under the Hanover ESPP in an amount that exceeds \$25,000 in fair market value in any calendar year.

U.S. Federal Income Tax Consequences Relating to the Hanover ESPP

The following is a summary of some of the material federal income tax consequences associated with the grant and exercise of awards under the Hanover ESPP under current federal tax laws and certain other tax considerations associated with awards under the Hanover ESPP. The summary does not address tax rates or non-U.S., state or local tax consequences, nor does it address employment tax or other federal tax consequences except as noted.

The Hanover ESPP is intended to qualify as an employee stock purchase plan under Section 423 of the Code. Assuming that the Hanover ESPP is and remains so qualified, no taxable income will be recognized by a participant until the sale or other disposition of the shares of Common Stock purchased under the ESPP.

If Common Stock acquired under the Hanover ESPP is disposed of more than two years after the option grant date and more than one year after the purchase date, or if the participant dies while holding such Common Stock, the participant (or his or her estate) will recognize ordinary income in amount equal to 15% (or such other percentage equal to the applicable purchase price discount) of the value of the Common Stock on the option grant date, or, if less, the excess of the fair market value of the shares at the time of disposition (or death) over the purchase price. Any additional gain, or any loss, recognized in the disposition will be treated as a long-term capital gain or loss.

If Common Stock acquired under the Hanover ESPP is disposed of within the two years following the applicable option grant or within one year after the purchase date, the participant will recognize ordinary income in an amount equal to the excess of the fair market value of the Common Stock on the date that it was purchased over the purchase price. Any additional gain, or any loss, recognized in the disposition will be treated as a capital gain or loss and, depending on how long the participant had held the Common Stock, as long-term or short-term.

The Company is not entitled to a deduction for amounts taxed as ordinary income or capital gain to a participant except to the extent of ordinary income recognized upon a sale or disposition of Common Stock prior to the expiration of the holding periods described above.

Required Vote

The affirmative vote of a majority of the votes properly cast (in person or by proxy) is required for approval of the Hanover ESPP. Abstentions, because they are not votes cast, are not counted for this proposal and will have no effect on the outcome.

The Board recommends a vote FOR the approval of this proposal.

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ITEM V

APPROVAL OF THE HANOVER INSURANCE GROUP

2014 EXECUTIVE SHORT-TERM INCENTIVE COMPENSATION PLAN

At the Annual Meeting, shareholders will be asked to approve the adoption of The Hanover Insurance Group 2014 Executive Short-Term Incentive Compensation Plan (the *2014 STIC Plan*). Performance-based compensation is a key element of our compensation philosophy. As an element of this performance-based compensation, our officers and key employees are eligible for performance-based annual cash incentives. The 2014 STIC Plan was adopted by the Compensation Committee on February 18, 2014 and will become effective upon receiving shareholder approval at the Annual Meeting. The 2014 STIC Plan is a short-term executive compensation plan that is intended to motivate participating executives to achieve pre-established corporate and other performance goals that are critical to our business. The 2014 STIC Plan is also intended to tie a participating executive's goals and interests to those of the Company and its shareholders and to enable the Company to attract and retain highly qualified executives.

At the 2009 Annual Meeting of Shareholders, our shareholders approved the 2009 Short-Term Incentive Compensation Plan (the *2009 STIC Plan*) in order to satisfy one of the requirements of Section 162(m) that plans like these short-term incentive compensation plans be approved by shareholders at least every five years. Upon approval of the 2014 STIC Plan, annual incentive compensation awards will no longer be granted under the 2009 STIC Plan. Section 162(m) generally provides that compensation provided to a publicly held corporation's CEO or any of its three most highly paid named executive officers (other than its CEO or CFO) (the *Covered Officers*) is not deductible by the corporation for U.S. income tax purposes for any taxable year to the extent it exceeds \$1 million. This limitation does not apply to compensation that qualifies as exempt performance-based compensation by meeting certain requirements under Section 162(m), including the requirement that the material terms of the related performance goals be disclosed to and approved by shareholders every five years. For the 2014 STIC Plan, these terms are described below under *Administration; Eligible Employees, Performance Criteria, and Determination of Awards*. Shareholders are being asked to approve, among other material terms, a set of business criteria on which performance goals may be based for awards under the 2014 STIC Plan. Although shareholder approval is one of the requirements for exemption under Section 162(m), even with shareholder approval there can be no guarantee that compensation will be treated as exempt performance-based compensation under Section 162(m). Furthermore, the Compensation Committee will continue to have authority to provide compensation that is not exempt from the limits on deductibility under Section 162(m). If shareholders do not approve this Item V, we may not have the ability to make awards under our short-term incentive compensation programs that qualify as performance-based compensation under Section 162(m) after our Annual Meeting; accordingly, a portion of compensation payable under such programs may not be deductible for federal income tax purposes, which would result in an increase in our expenses.

The full text of the 2014 STIC Plan is set forth in *Annex IV*. The following description of certain features of the 2014 STIC Plan is qualified in its entirety by reference to the full text of the plan.

Summary of the 2014 STIC Plan

Administration; Eligible Employees. The 2014 STIC Plan will be administered by the Compensation Committee, together with such other committee or committees of the Board as the Board may designate (the Compensation Committee, together with any such other committee or committees, if applicable, the *Administrator*). The Administrator shall interpret the 2014 STIC Plan, although it may delegate to management

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non-discretionary administrative functions. Only officers of the Company (as defined under Rule 16a-1(f) of the Exchange Act and so designated by the Board) are eligible to participate in the 2014 STIC Plan. As of March 10, 2014, ten officers of the Company would be eligible to participate in the 2014 STIC Plan.

Performance Criteria. The Administrator will select the performance criterion or criteria for any individual participant and the formulas for determining the amount of payment that the Administrator may award for performance during any award period not later than 90 days after the commencement of an award period, but in no case after 25% of the award period has elapsed (the *Establishment Period*). The 2014 STIC Plan provides that grants of performance awards may be made based upon, and subject to achieving, performance objectives over a specified performance period. Performance objectives that the Administrator may use shall be set forth in terms of an objectively determinable (whether by reference to audited financials, ratings or surveys prepared by an unaffiliated rating or survey service, or otherwise) measure of performance relating to any, or any combination of, the following (measured either on an absolute basis and/or relative basis and/or by reference to an index or indices or other measure, based upon internal targets, the past performance of the Company and/or the past or current performance of other companies and determined either on a consolidated basis or, as the context permits, on a divisional, segment, subsidiary, line of business, project, individual, geographical or adjusted basis or in combinations thereof): sales; revenues; assets; expenses; book value; risk management; earnings before or after deduction for all or any portion of interest, taxes, depreciation, amortization, or capital gains or losses, determined on the basis of operations, continuing operations or otherwise and on an aggregate or per share basis; written or earned premium growth, direct or net; written or earned premium, direct or net; new business premium, direct or net; policy retention; premium retention; policies in force; pricing; underwriting income; investment income or yield; segment income; operating income; return on equity, investment, capital or assets; one or more operating ratios (including, without limitation, loss and loss adjustment expense ratio, catastrophe loss ratio, combined ratio, expense ratio, accident or calendar year); borrowing levels, leverage ratios or credit rating; financial strength rating; market share; productivity improvements; capital expenditures; cash flow; stock price; stockholder return; economic value added; surplus levels or growth; product development; sales of particular products or services; development of business goals; customer acquisition, satisfaction or retention; service levels or standards; leadership effectiveness; business development; or the occurrence of, or participation in the negotiation or effectuation of, any of: acquisitions and divestitures (in whole or in part), joint ventures and strategic alliances, spin-offs, split-ups and the like, reorganizations, or recapitalizations, restructurings, financings (issuance of debt or equity) or refinancings.

To the extent consistent with the requirements for satisfying the performance-based compensation exception under Section 162(m), the Administrator may provide in the case of any award intended to qualify for such exception that one or more of the performance objectives applicable to an award will be adjusted in an objectively determinable manner to reflect events (for example, acquisitions and divestitures, catastrophes) occurring during the performance period of such award that affect the applicable performance objectives.

Determination of Awards. By not later than the end of the Establishment Period, the Administrator will select, from among the Company's executive officers, those persons who will participate in the 2014 STIC Plan for an award period and designate for each such participant a specific percentage of the participant's base or year end salary as such participant's potential award (a *Potential Award*). An individual participant's Potential Award in any award period is limited to the lesser of \$4,500,000 or 300% of the participant's base salary or year end salary rate, as determined by the Administrator. When the Company's financial results (or other relevant metrics) for a given award period have been determined, the Administrator will determine, and certify in writing, whether the pre-established performance goals and objectives have been satisfied in such period with respect to

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the Covered Officers. The actual bonus award for any participant will be determined based upon the pre-established compensation formula or methods. In determining the actual award for the Covered Officers, the Administrator may exercise discretion to reduce (but not increase) the award from the dollar amount of the potential award for such participants. The Administrator may use discretion to reduce or to increase awards to other participants in the 2014 STIC Plan. The Administrator may base any reduction on the Company's financial performance, the participant's performance, competitive compensation levels, or any other basis determined by the Administrator in its sole discretion. Awards may be paid in cash, or if permitted by the Company's 2014 Stock Plan (or its successor plan), in Common Stock or a combination of the foregoing as determined by the Administrator.

Amendment; Termination. The 2014 STIC Plan will remain in effect until terminated by the Board. The Compensation Committee may amend the Plan at any time. Amendments will be conditioned on shareholder approval only to the extent, if any, such approval is required by law.

Recoupment. Awards held by a participant are subject to forfeiture, termination and rescission, and a participant will be obligated to return to the Company payments received with respect to awards granted under the 2014 STIC Plan to the extent required by any applicable Company clawback or recoupment policy, as such policy may be amended and in effect from time to time, or as otherwise required by law, regulation or applicable stock exchange listing standards.

New Plan Benefits. The benefits or amounts, if any, that may be received by or allocated to the CEO, the NEOs and all current executive officers as a group are not presently determinable. If the 2014 STIC Plan had been in effect in 2013, the awards received by the Company's executive officers would have been identical to the awards actually received by such persons for 2013. The Summary Compensation Table on page 67, under the heading "Non-Equity Incentive Plan Compensation," lists the 2013 annual cash incentive awards paid to our CEO and the other NEOs.

Awards under other Plans. Nothing in the 2014 STIC Plan limits the Company's ability to make any award to any person (including a participant in the 2014 STIC Plan) under any other plan or arrangement or on an ad hoc basis.

Required Vote

The affirmative vote of a majority of the votes properly cast (in person or by proxy) is required for approval of the 2014 STIC Plan. Abstentions, because they are not votes cast, are not counted for this proposal and will have no effect on the outcome.

The Board recommends a vote FOR the approval of this proposal.

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ITEM VI

ADVISORY APPROVAL OF THE COMPANY'S EXECUTIVE COMPENSATION

At each of our last three Annual Meetings, we provided our shareholders with the opportunity to cast an advisory vote regarding the compensation of our NEOs. At each meeting, our shareholders overwhelmingly approved the proposal, with more than 95% of the votes cast voting in favor of each of the proposals. As required by Section 14A of the Exchange Act, we are again seeking advisory shareholder approval of the compensation of our NEOs as disclosed in the section of this Proxy Statement entitled Executive Compensation. Shareholders are being asked to vote on the following advisory vote:

Voted: That the shareholders advise that they approve the compensation of the Company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission (which disclosure includes the Compensation Discussion and Analysis, the compensation tables, and any related material).

A substantial percentage of our NEOs' compensation is directly tied to the performance of our share price and the attainment of financial and other performance measures that the Board believes promote long-term shareholder value and position us for long-term success. As described more fully in the Compensation Discussion and Analysis, the mix of fixed and performance-based compensation, the terms of our short- and long-term incentive compensation programs, and the weighting of overall compensation toward equity awards, are all designed to enable us to attract and retain top talent while balancing risk and reward. The Compensation Committee and the Board believe that the design of the programs, and the compensation awarded to the NEOs under the current programs, fulfills these objectives.

Shareholders are urged to read the Compensation Discussion and Analysis section beginning on page 47, which discusses in detail how our compensation policies and procedures support our compensation philosophy.

Although the vote is non-binding, the Board and the Compensation Committee will consider the voting results in connection with their ongoing evaluation of the Company's compensation programs. We currently intend to hold advisory votes on executive compensation annually. Accordingly, the next such vote will be held at the Company's 2015 Annual Meeting of Shareholders.

The affirmative vote of a majority of the votes properly cast (in person or by proxy) is required for approval of this proposal. Abstentions, because they are not votes cast, are not counted for this proposal and will have no effect on the outcome.

The Board recommends a vote FOR the approval of this proposal.

Table of Contents**ITEM VII****RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The firm of PricewaterhouseCoopers LLP (*PwC*) has been appointed by the Audit Committee of the Board to be our independent registered public accounting firm for 2014. Representatives of PwC will be present at the Annual Meeting, will have the opportunity to make a statement if they desire to do so, and will be available to respond to appropriate questions from shareholders.

The Board is submitting the appointment of PwC as our independent registered public accounting firm for 2014 to the shareholders for their ratification. The Audit Committee of the Board bears the ultimate responsibility for selecting the firm and will make the selection it deems best for the Company and its shareholders. Should the shareholders fail to ratify the appointment of PwC, the Audit Committee will reconsider the appointment and may retain PwC or another accounting firm without resubmitting the matter to shareholders. Similarly, ratification of the selection of PwC as the independent registered public accounting firm does not limit the Audit Committee's ability to change this selection in the future.

The affirmative vote of a majority of the votes properly cast (in person or by proxy) is required for approval of this proposal. Abstentions, because they are not votes cast, are not counted for this proposal and will have no effect on the outcome.

The Board recommends that you vote FOR the approval of this proposal.

Fees Incurred from PricewaterhouseCoopers LLP

The following table shows the fees paid or accrued for the audit and other services provided by PwC for 2013 and 2012:

	2013	2012
Audit Fees (1)	\$ 4,004,872	\$ 3,903,000
Audit-Related Fees (2)	239,200 &	