

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

Filed by a Party other than the Registrant

Check the appropriate box:

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| <input type="checkbox"/> Preliminary Proxy Statement           | <input type="checkbox"/> Confidential, for Use of the Commission |
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| <input type="checkbox"/> Definitive Additional Materials       | Only (as permitted by Rule 14a-6(e)(2))                          |
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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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(1) Amount previously paid:

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

(3) Filing Party:

(4) Date Filed:

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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](http://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.

**Table of Contents****How much stock do the Company's directors and executive officers own?**

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. Condrón 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).

<b>Non-Employee Director</b>	<b>Year First Elected to Board</b>	<b>Number of Shares Counted under Stock Ownership Guidelines</b>	<b>Ownership Level as a Multiple of the Value of the Annual Stock Retainer</b>
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 <sup>nd</sup> 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](http://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](http://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](http://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](http://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](http://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 expo