

SAFETY INSURANCE GROUP INC

Form DEF 14A

April 12, 2016

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

SAFETY INSURANCE GROUP, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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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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SAFETY INSURANCE GROUP, INC.
20 Custom House Street, Boston, Massachusetts 02110

April 11, 2016

To Our Shareholders:

I am pleased to invite you to attend the 2016 Annual Meeting of Shareholders of Safety Insurance Group, Inc., which will be held at 10:00 a.m. on Wednesday, May 18, 2016, at our headquarters, 20 Custom House Street, Boston, Massachusetts 02110.

The accompanying Notice of the Annual Meeting of Shareholders and Proxy Statement describe in detail the matters to be acted on at this year's Annual Meeting.

If you plan to attend the meeting, please bring a form of personal identification with you and, if you are acting as proxy for another shareholder, please bring written confirmation from the shareholder for whom you are acting as proxy.

Whether or not you expect to attend the meeting, please sign and return the enclosed Proxy Card in the envelope provided. Your cooperation will assure that your shares are voted and will also greatly assist our officers in preparing for the meeting. If you attend the meeting, you may withdraw any proxy previously given and vote your shares in person if you so desire.

Sincerely,

George M. Murphy
President and Chief Executive Officer

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SAFETY INSURANCE GROUP, INC.

20 Custom House Street, Boston, Massachusetts 02110

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 18, 2016

April 11, 2016

To Our Shareholders:

The 2016 Annual Meeting of Shareholders of Safety Insurance Group, Inc. (the “Company”) will be held on Wednesday, May 18, 2016 at 10:00 a.m., local time, at our headquarters, 20 Custom House Street, Boston, Massachusetts 02110. At this meeting, you will be asked to consider and vote upon the following:

- 1.a proposal to elect two of the Company’s directors to Class II with a term ending in 2019;
- 2.to ratify the appointment of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for 2016;
- 3.a proposal to approve the material terms of the 2002 Management Omnibus Incentive Plan for purposes of Section 162(m) of the Internal Revenue Code;
- 4.a proposal to approve the material terms of the Annual Performance Incentive Plan for purposes of Section 162(m) of the Internal Revenue Code;
- 5.to provide an advisory vote on the compensation of the named executive officers as disclosed in this Proxy Statement; and
- 6.the transaction of such other business as may properly come before the meeting or any adjournment or adjournments thereof.

The Board of Directors has fixed April 1, 2016 as the Record Date for determining the shareholders of the Company entitled to notice of and to vote at the 2016 Annual Meeting and any adjournment thereof. The Company’s 2016 Annual Report to Shareholders is enclosed with the mailing of this Notice of Annual Meeting of Shareholders, Proxy Statement and Proxy Card.

We urge you to attend and to participate at the meeting, no matter how many shares you own. Even if you do not expect to attend the meeting personally, we urge you to please vote, and then sign, date and return the enclosed Proxy Card in the postpaid envelope provided.

By Order of the Board of Directors,

WILLIAM J. BEGLEY, JR.

Vice President, Chief Financial Officer and Secretary

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Important Notice Regarding the Availability of Proxy Materials for

Our Annual Meeting of Shareholders to Be Held on May 18, 2016

The accompanying Proxy Statement and our 2015 Annual Report to Our Shareholders are available for viewing, printing and downloading at <http://materials.proxyvote.com/78648T>.

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SAFETY INSURANCE GROUP, INC.

20 Custom House Street, Boston, Massachusetts 02110

PROXY STATEMENT
FOR ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 18, 2016

GENERAL INFORMATION

This Proxy Statement is being furnished in connection with the solicitation of proxies on behalf of the Board of Directors (the "Board") of Safety Insurance Group, Inc. (the "Company" or "Safety") for the 2016 Annual Meeting of Shareholders to be held on May 18, 2016 at 10:00 a.m. at the Company's headquarters located at 20 Custom House Street, Boston, Massachusetts 02110 (the "2016 Annual Meeting").

The record date for determining shareholders entitled to vote at the 2016 Annual Meeting has been fixed at the close of business on April 1, 2016 (the "Record Date"). As of the Record Date, 15,158,327 shares of the Company's common stock, par value \$0.01 per share (the "Common Stock"), were outstanding and entitled to be voted. Every shareholder will be entitled to one vote for each share of Common Stock recorded in his or her name on the Company's books as of the Record Date. The Company mailed this Proxy Statement and the related form of proxy (the "Proxy") on or about April 11, 2016.

With respect to Proposal 1, Election of the Company's Directors, the shares of Common Stock represented by the enclosed Proxy will be voted as directed by the shareholder or, in the absence of such direction, in favor of the election of the nominees for director designated herein. So long as a quorum (a majority of issued and outstanding shares of Common Stock entitled to vote at the 2016 Annual Meeting) is present at the 2016 Annual Meeting either in person or by proxy, a plurality of the votes properly cast is required to elect each director. Votes withheld from a director nominee, abstentions and broker non-votes (when a registered broker holding a customer's shares in the name of the broker has not received voting instructions on a matter from the customer and is barred from exercising discretionary authority to vote on the matter, which the broker indicates on the Proxy Card) will be treated as present at the 2016 Annual Meeting for the purpose of determining a quorum but will not be counted as votes cast. Please note that Brokers may not vote your shares on Proposals 1, 3, 4 and 5 without your specific instructions. Please be sure to give specific voting instructions to your broker, so that your vote can be counted.

With respect to Proposal 2, Ratification of Appointment of Independent Registered Public Accounting Firm, an affirmative vote of a majority of the shares present or represented and entitled to vote on such proposal is required for approval. Abstentions are included in the number of shares present

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or represented and entitled to vote on the proposal and therefore have the practical effect of a vote against the proposal.

With respect to Proposal 3 and Proposal 4, for the purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, approval of the material terms of the 2002 Management Omnibus Incentive Plan and the Annual Performance Incentive Plan requires a majority of the votes cast to be in favor of approval. Both proposals were previously approved in 2011 and re-approval is required every five years. Under Delaware law, approval requires an affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the proposal. Abstentions will count as votes against the proposal and broker non-votes will have no effect.

With respect to Proposal 5, Advisory Vote on Executive Compensation, an affirmative vote of a majority of the shares present or represented and entitled to vote on such proposal is required for approval (on a non-binding, advisory basis). Abstentions are included in the number of shares present or represented and entitled to vote on the proposal and therefore have the practical effect of a vote against the proposal. Your vote is advisory and will not be binding upon the Company, the Board of Directors, or the Compensation Committee. However, the Board of Directors and the Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

The enclosed Proxy confers discretionary authority with respect to any other proposals that may properly be brought before the 2016 Annual Meeting. As of the date hereof, management is not aware of any other matters to be presented for action at the 2016 Annual Meeting. If any other matters properly come before the 2016 Annual Meeting, however, the Proxies solicited hereby will be voted in accordance with the recommendation of the Board.

Any shareholder giving a Proxy may revoke it at any time before it is exercised by delivering written notice thereof to the Secretary. Any shareholder attending the 2016 Annual Meeting may vote in person whether or not the shareholder has previously filed a Proxy. Presence at the 2016 Annual Meeting by a shareholder who has signed a Proxy, however, does not in itself revoke the Proxy.

The enclosed Proxy is being solicited by the Board. The cost of soliciting Proxies will be borne by the Company, and will consist primarily of preparing and mailing the Proxies and Proxy Statements. The Company will also request persons, firms and corporations holding shares of Common Stock in their names, or in the names of their nominees, which shares are beneficially owned by others, to send this Proxy material to and obtain Proxies from such beneficial owners and will reimburse such holders for their reasonable expenses in so doing.

The Company's Annual Report to Shareholders for the fiscal year ended December 31, 2015, including financial statements and the report of the Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, thereon, accompanies this Proxy Statement. The Annual Report to Shareholders is neither a part of this Proxy Statement nor incorporated herein by reference.

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PROPOSAL 1

ELECTION OF THE COMPANY'S DIRECTORS

The Board consists of six members and three classes. Each class serves three years, with terms of office of the respective classes expiring in successive years.

A Director, whose term expires at this year's 2016 Annual Meeting, Frederic H. Lindeberg and a new Director, George M. Murphy have been nominated to serve a three-year term ending at the 2019 Annual Meeting of Shareholders and until a successor, if any, is elected and duly qualified. The remaining four directors will continue to serve in accordance with their terms. THE BOARD RECOMMENDS A VOTE FOR PROPOSAL 1 WHICH CALLS FOR THE ELECTION OF THE 2016 NOMINEES.

Name	Age **	Director Since
Class II - Term ending in 2019*		
Frederic H. Lindeberg (1)(2)(3C)	75	2004
George M. Murphy (4)	49	-
Class I - Term ending in 2018		
Peter J. Manning (1C)(2)(3)	77	2003
David K. McKown (1)(2C)(3)		