

ALLEGHANY CORP /DE  
Form DEF 14A  
March 17, 2017  
**Table of Contents**

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**SCHEDULE 14A**  
**(Rule 14a-101)**  
**INFORMATION REQUIRED IN PROXY STATEMENT**  
**SCHEDULE 14A INFORMATION**  
**Proxy Statement Pursuant to Section 14(a) of the Securities**  
**Exchange Act of 1934 (Amendment No.        )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement  
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
Definitive Proxy Statement  
Definitive Additional Materials  
Soliciting Material Pursuant to Section 240.14a-12.

**ALLEGHANY CORPORATION**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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- (1) Title of each class of securities to which transaction applies:
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- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

**Table of Contents**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**March 17, 2017**

**Alleghany Corporation ( Alleghany ) hereby gives notice that its 2017 Annual Meeting of Stockholders (the 2017 Annual Meeting ) will be held at the offices of its subsidiary RSUI Group, Inc., 945 East Paces Ferry Road, 18<sup>th</sup> Floor, Atlanta, Georgia, on Friday, April 28, 2017 at 10:00 a.m., local time, for the following purposes:**

1. To elect three directors for terms expiring in 2020.
2. To consider and take action upon a proposal to approve Alleghany's 2017 Long-Term Incentive Plan.
3. To ratify the selection of Ernst & Young LLP as Alleghany's independent registered public accounting firm for fiscal 2017.
4. To hold an advisory, non-binding vote on executive compensation.
5. To hold an advisory, non-binding vote to determine the frequency of future stockholder advisory votes on executive compensation.
6. To transact such other business as may properly come before the meeting, or any adjournment or postponement thereof.

Holders of Alleghany common stock at the close of business on March 1, 2017 are entitled to receive this Notice and vote for the election of directors and on each of the other matters set forth above at the 2017 Annual Meeting and any adjournments or postponements thereof.

You are cordially invited to attend the 2017 Annual Meeting. Representation of your shares at the 2017 Annual Meeting is very important. Whether or not you plan to attend in person, we encourage you to vote your shares promptly by using the Internet or telephone, or by signing and returning the enclosed proxy card in the envelope provided. You may revoke your proxy at any time before it is voted at the 2017 Annual Meeting by written notice to the Secretary of Alleghany, by submitting a new proxy with a later date, or by voting in person at the 2017 Annual Meeting.

By order of the Board of Directors,

**CHRISTOPHER K. DALRYMPLE**  
*Senior Vice President, General*

*Counsel and Secretary*  
Alleghany Corporation

1411 Broadway, 34<sup>th</sup> Floor

New York, New York 10018

**Important Notice Regarding Internet Availability of Proxy Materials for the Alleghany Corporation 2017 Annual Meeting of Stockholders to be Held on April 28, 2017: Proxy materials relating to the 2017 Annual Meeting (notice of meeting, proxy statement, proxy and 2016 Annual Report to Stockholders on Form 10-K) are also available on the Internet at [www.edocumentview.com/YAL](http://www.edocumentview.com/YAL).**

**Table of Contents**

**PROXY STATEMENT TABLE OF CONTENTS**

<b><u>PROXY STATEMENT SUMMARY</u></b>	<b>1</b>
<b><u>QUESTIONS AND ANSWERS ABOUT ALLEGHANY'S 2017 ANNUAL MEETING</u></b>	<b>9</b>
<b><u>CORPORATE GOVERNANCE</u></b>	<b>14</b>
<u>Board of Directors</u>	14
<u>Director Independence</u>	14
<u>Committees of the Board of Directors</u>	15
<u>Board Tenure</u>	17
<u>Board Leadership</u>	17
<u>Chief Executive Officer and Senior Management Succession Planning</u>	17
<u>Board Evaluation</u>	17
<u>Board Role in Risk Oversight</u>	18
<u>Directors' Nominations and Qualifications</u>	18
<u>Communications with Directors</u>	19
<u>Director Retirement Policy</u>	19
<u>Codes of Ethics</u>	19
<u>Majority Election of Directors</u>	19
<u>Director Stock Ownership Guidelines</u>	20
<u>Hedging and Pledging Policies</u>	20
<u>Related Party Transactions</u>	20
<b><u>PRINCIPAL STOCKHOLDERS</u></b>	<b>21</b>
<b><u>EXECUTIVE OFFICERS</u></b>	<b>22</b>
<b><u>SECURITIES OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS</u></b>	<b>23</b>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	25
<b><u>EQUITY COMPENSATION PLAN INFORMATION</u></b>	<b>26</b>
<b><u>PROPOSAL 1. ELECTION OF DIRECTORS</u></b>	<b>28</b>
<u>Nominees for Election</u>	29
<u>Other Alleghany Directors</u>	30
<u>Compensation of Directors</u>	32
<b><u>PROPOSAL 2. APPROVAL OF 2017 LONG-TERM INCENTIVE PLAN</u></b>	<b>34</b>
<b><u>PROPOSAL 3. RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL 2017</u></b>	<b>42</b>
<u>Audit Committee Report</u>	44
<b><u>PROPOSAL 4. ADVISORY VOTE ON EXECUTIVE COMPENSATION</u></b>	<b>45</b>
<b><u>COMPENSATION COMMITTEE REPORT</u></b>	<b>46</b>
<b><u>COMPENSATION DISCUSSION AND ANALYSIS</u></b>	<b>48</b>
<u>Compensation Philosophy and Objectives</u>	48
<u>2016 Compensation Program Summary</u>	50
<u>Alleghany Performance in 2016</u>	51
<u>Alleghany Long-Term Performance</u>	52
<u>Compensation Committee Process</u>	54
<u>Elements of 2016 Compensation</u>	56
<u>Financial Statement Restatements</u>	64
<u>Hedging and Pledging Policies</u>	64
<u>Executive Officer Stock Ownership Guidelines</u>	64
<u>Tax Considerations</u>	64
<u>Compensation Policies and Practices Relating to Risk Management</u>	65
<b><u>EXECUTIVE COMPENSATION</u></b>	<b>66</b>
<u>Summary Compensation Table</u>	66
<u>Grants of Plan-Based Awards in 2016</u>	68
<u>Narrative Discussion Relating to the Summary Compensation Table and Grants of Plan-Based Awards Table</u>	69
<u>Outstanding Equity Awards at 2016 Fiscal Year-End</u>	72

**Table of Contents**

<u>2016 Stock Vested</u>	73
<u>Nonqualified Deferred Compensation</u>	73
<u>Pension Benefits</u>	75
<u>Payments Upon Termination of Employment</u>	77
<b><u>PROPOSAL 5. ADVISORY VOTE ON FREQUENCY OF FUTURE STOCKHOLDER VOTES ON EXECUTIVE COMPENSATION</u></b>	<b>80</b>
<b><u>STOCKHOLDER NOMINATIONS AND PROPOSALS</u></b>	<b>81</b>
<b><u>ADDITIONAL INFORMATION</u></b>	<b>82</b>

**Table of Contents****PROXY STATEMENT SUMMARY**

This summary highlights selected information that is discussed in more detail elsewhere in this Proxy Statement. This summary does not contain all of the information you should consider, and you should read the full Proxy Statement before voting. Unless the context otherwise requires, references in this Proxy Statement to Alleghany, the Company, we, our or us refer to Alleghany Corporation, references to the Board refer to the Board of Directors, references to the common stock refer to our common stock, par value \$1.00 per share, and references to the 2017 Annual Meeting refer to our 2017 Annual Meeting of Stockholders and any and all adjournments or postponements thereof.

**2017 ANNUAL MEETING INFORMATION**

*Date and Time* Friday, April 28, 2017 at 10:00 a.m. local time

*Location* RSUI Group, Inc.

945 East Paces Ferry Road, 18<sup>th</sup> Floor

Atlanta, Georgia

*Record Date* March 1, 2017

*Mailing Date* On or about March 17, 2017

**MEETING AGENDA AND BOARD RECOMMENDATIONS**

			<b>Additional</b>
<b>Voting Matter</b>		<b>Board's Recommendation</b>	<b>Information</b>
Proposal 1:	Election of Directors	FOR each director nominee	pages 28-33
Proposal 2:	Approval of 2017 Long-Term		
	Incentive Plan	FOR	pages 34-41
Proposal 3:	Selection of Independent Accounting Firm	FOR	pages 42-43
Proposal 4:	Advisory Vote on Executive Compensation	FOR	pages 45-79
Proposal 5:	Advisory Vote on Frequency of Future Stockholder Votes on Executive Compensation	EVERY YEAR	page 80

**HOW TO VOTE (pages 9 and 10)**

You can vote by any of the following methods:

*By Internet* Go to the voting website, [www.envisionreports.com/YAL](http://www.envisionreports.com/YAL)

*By Telephone* If you reside in the United States, Canada or U.S. territories, call toll free 1-800-652-VOTE (8683)

*By Mail* If you received a proxy card in the mail, complete, sign, date, and mail the proxy card in the return envelope provided to you

*In person* Attend the Annual Meeting and vote by ballot

If you vote by the Internet or telephone, you must vote no later than 1:00 a.m., Eastern Daylight Time, on April 28, 2017.





**Table of Contents**

**BOARD NOMINEES (page 29)**

Ian H. Chippendale

Age 68

Director since 2012

Member of the Compensation  
Committee

Member of the Nominating and  
Governance Committee

Mr. Chippendale is the retired Chairman (from September 2003 to December 2006) of RBS Insurance Group, Ltd., an insurance company. In addition, Mr. Chippendale served as a director of HomeServe plc, an insurance company, from January 2007 through March 2015 and was a director of Transatlantic Holdings, Inc. prior to March 6, 2012.

Mr. Chippendale's qualifications to serve on the Board also include his insurance industry knowledge and his international experience, including his service as the Chairman of RBS Insurance Group, Ltd.

Weston M. Hicks

Age 60

Director since 2004

Mr. Hicks has been Alleghany's President and chief executive officer since December 2004. In addition, Mr. Hicks is a director of AllianceBernstein Holding L.P., an investment management and research company.

Mr. Hicks's qualifications to serve on the Board also include his years of experience as an executive in the insurance and financial services industry, particularly his experience as Alleghany's President and chief executive officer during the past 12 years, and his experience as an analyst of property and casualty insurance companies.

Jefferson W. Kirby

Age 55

Director since 2006

Mr. Kirby has been Chairman of the Board of Alleghany since July 2010. Mr. Kirby has been the Managing Member of Broadfield Capital Management, LLC, an investment advisory services company, since July 2003. Mr. Kirby was a director of Somerset Hills Bancorp, a bank holding company, from 2008 until May 2013.

Mr. Kirby's qualifications to serve on the Board also include his over 25 years of experience in financial services and investment management, including his service as a Vice President of Alleghany from 1994 until June 2003 and as an investment manager.

**Table of Contents**

**GOVERNANCE HIGHLIGHTS (pages 14-20)**

<i>Board Independence</i>	Seven of our eight directors are independent directors. All of our standing Board committees are chaired by independent directors. Our Audit, Compensation and Nominating and Governance Committees are 100% independent.
<i>Board Structure</i>	Our Board is divided into three separate classes of directors. At each Annual Meeting of Stockholders, one class of directors is elected to a term of three years.
<i>Risk Oversight</i>	Our Board and its committees work with management to diligently monitor and manage risk.
<i>Independent Chairman</i>	Our current Chairman is an independent director. Our policy is that the Chairman should not be an Alleghany officer.
<i>Board and Committee Evaluations</i>	Our annual Board and committee evaluation processes help promote the effectiveness of the Board and its committees.
<i>Director Tenure</i>	Our Board has an average tenure of approximately 10 years, with half of our current directors joining the Board in 2009 or later.
<i>Stock Ownership Guidelines</i>	Executive officers are required to hold shares of common stock valued at three to five times their base salary (varies depending on position). Directors are required to hold common stock and/or restricted stock units valued at least five times the annual board retainer within five years of election to the Board. We have a policy prohibiting hedging and pledging of Alleghany securities by directors and executive officers to discourage excessive risk-taking.

**Table of Contents****PERFORMANCE HIGHLIGHTS**

2016 and long-term financial results highlights are as follows:

**2016 Performance**

6.0% increase in common stockholders' equity per share to \$515.24 at 2016 year-end from \$486.02 at 2015 year-end.

Transatlantic Holdings, Inc., or TransRe, and RSUI Group, Inc., or RSUI, which together account for 86% of our consolidated stockholders' equity, produced 6.5% and 8.7% returns on equity on an operating basis (excluding net realized capital gains or losses and other-than-temporary impairment charges), respectively, reflecting increased catastrophe losses in 2016, partially offset by an increased amount of favorable prior year loss reserve development. Investment returns, however, were modest in 2016 resulting in slightly lower growth in book value for each company relative to the return on equity.

Net earnings of \$456.9 million in 2016, compared with \$560.3 million in 2015, primarily reflecting a decrease in underwriting profit in 2016, a \$98.8 million pre-tax impairment charge at Stranded Oil Resources Corporation, or SORC, and income tax adjustments.

Consolidated Alleghany underwriting profit of \$401.3 million in 2016, compared with \$466.6 million in 2015, and a consolidated combined ratio of 91.9% in 2016, compared with 89.0% in 2015, reflecting increased catastrophe losses at TransRe and RSUI in 2016, partially offset by an increased amount of favorable prior year loss reserve development, and improved underwriting results at CapSpecialty, Inc., or CapSpecialty, and Pacific Compensation Corporation, or PacificComp.

Alleghany made progress in building its wholly-owned subsidiary Alleghany Capital Corporation's portfolio of non-financial business investments, acquiring a majority stake in Jazwares, LLC, or Jazwares, and closing tuck-in acquisitions by Bourn & Koch, Inc. and Jazwares.

Additional information regarding Alleghany's 2016 results, including audited consolidated financial statements, as well as Management's Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, with respect to 2016 results, is contained in Alleghany's Annual Report on Form 10-K for the year ended December 31, 2016, or the Form 10-K, which was filed with the U.S. Securities and Exchange Commission, or the SEC, on February 22, 2017. Readers are urged to review the Form 10-K for a more complete discussion of Alleghany's financial performance.

**Long-Term Performance**

We believe that Alleghany's performance is best measured over the long term, and that long-term growth in common stockholders' equity per share is the best metric for evaluating such performance. In this regard, the table below shows the annual, and three- and ten-year average rolling, annualized growth in our common stockholders' equity per share during the five-year period from December 31, 2011 to December 31, 2016:

Year	Common Stockholders	Annual Return	Rolling Annualized Average	
	Equity Per Share		Three-Year	Ten-Year
2011 <sup>(1)</sup>	342.12	5.2	8.6	7.7
2012	379.13	10.8	8.7	8.8
2013	412.96	8.9	8.3	8.5
2014	465.51	12.7	10.8	8.6

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2015	486.02	4.4	8.6	8.6
2016	515.24	6.0	7.7	7.8
<b>Average</b>		<b>8.0%</b>	<b>8.8%</b>	<b>8.3%</b>

(1) Adjusted for subsequent stock dividends.

-4-

## **Table of Contents**

As can be seen in the table above, Alleghany's common stockholders' equity per share has compounded over the various time metrics in the mid-range of Alleghany's stated strategic objective of 7-10% annual growth in common stockholders' equity per share.

The chart below summarizes Alleghany's common stockholders' equity per share growth and stock price performance over the ten-year period from December 31, 2006 to December 31, 2016, compared with the Standard & Poor's 500 Stock Index, or the S&P 500, with all values indexed to December 31, 2006. During this ten-year period, Alleghany's common stockholders' equity per share increased at a compound annual rate of 7.8%, compared with a compound annual rate of return of 6.9% for the S&P 500, and the price of Alleghany common stock (adjusted for stock dividends) appreciated at a 6.3% compound annual rate of return.

As indicated by the data presented in the chart above, Alleghany's growth in common stockholders' equity per share has been relatively consistent. The trading price of Alleghany's common stock has been more volatile, reflecting the volatility of the stock market in general. In Alleghany's view, growth in common stockholders' equity per share is a better measure of fundamental value creation as compared to the more volatile trading price of Alleghany's common stock. As such, Alleghany focuses its executive compensation incentive program on building common stockholders' equity per share over time. As is shown in the chart, Alleghany's growth in common stockholders' equity per share has exceeded that of the S&P 500 return over the past ten years and is less volatile.

## **COMPENSATION HIGHLIGHTS (pages 48-79)**

### **Compensation Philosophy**

Our executive compensation program is intended to provide competitive total compensation to each of Alleghany's executive officers (as listed on page 22), or the Named Executive Officers, that is aligned with the interests of our stockholders in increasing our common stockholders' equity per share at rates of 7-10% over the long term without employing excessive amounts of financial leverage and without taking imprudent risks. This approach enables us to manage risk to avoid loss of capital during periods of economic turmoil, which we believe creates maximum value for stockholders in the long term, even if it results in lower levels of capital appreciation during periods when economic conditions are more favorable.

## **Table of Contents**

For 2016, this compensation philosophy was evidenced by the following compensation highlights:

CEO total direct compensation (salary, annual cash incentive and long-term equity based awards) was approximately \$7.5 million, representing approximately 1.2% of 2016 pre-tax earnings and approximately 0.1% of 2016 revenues, and total direct compensation for our Named Executive Officers as a group was approximately \$18.1 million, representing approximately 2.8% of 2016 pre-tax earnings and approximately 0.3% of 2016 revenues.

87% of Mr. Hicks' s 2016 total direct compensation was linked to performance, while performance-linked compensation for our other Named Executive Officers averaged 79% of total direct compensation in 2016.

Mr. Hicks' s 2016 total direct compensation increased by 11% from 2015 total direct compensation, due to a higher annual incentive payout for 2016.

Annual incentive plan awards included a financial objective but also discretion given the nature of Alleghany' s business and long-term approach, with the discretionary aspect being restricted by the fact that payouts for 2016 were limited to the lesser of (i) approximately \$5.8 million (representing the maximum potential payout for our Named Executive Officers as a group) or (ii) 3% of 2016 annual adjusted pre-tax earnings.

Long-term performance share awards were subject to goals believed to be challenging to meet in today' s low interest rate and volatile market environment and that are aligned with our corporate financial objective of long-term growth in book value, with no payout being made if threshold performance is not achieved, and with our CEO' s long-term incentives based 100% on performance.

### **Elements of 2016 Compensation**

The principal elements of compensation paid to our Named Executive Officers in respect of 2016 consisted of:

salaries;

annual cash incentive compensation under the 2015 Management Incentive Plan, or the 2015 MIP;

annual grants of long-term equity-based incentives under the 2012 Long-Term Incentive Plan, or the 2012 LTIP; and

an annual savings benefit equal to 15% of base salary.

In addition, our Named Executive Officers receive a benefit, assuming the completion of five years of service with Alleghany or a subsidiary of Alleghany, under the Alleghany Corporation Retirement Plan, or the Retirement Plan, although such benefit was frozen in 2013.

**Table of Contents**

The percentage that these elements represent of the 2016 compensation for our chief executive officer and our other Named Executive Officers is reflected below.

**2016 Named Executive Officer Compensation**

The following table sets forth the compensation of our Named Executive Officers during 2016, as calculated in accordance with applicable SEC regulations. For a complete schedule and related footnotes, please see the Summary Compensation Table on page 66 in the Executive Compensation section of this Proxy Statement.

Name and Principal Position	Salary	Bonus	Stock Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
<b>Weston M. Hicks</b> President and chief executive officer	\$ 1,000,000		\$ 3,914,614	\$ 2,550,000	945,832	\$ 162,482	\$ 8,572,928
<b>Joseph P. Brandon</b>	825,000		2,421,908	1,650,000			