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## **SEC regulations may force U.S. insurers to give up proprietary information**

Various disclosure regulations put forth by the U.S. Securities and Exchange Commission (SEC) in 2007 have created challenges in boardrooms nationwide during this proxy season, according to Aon Consulting's Radford Surveys + Consulting.

At issue is pay-for-performance, a major area of interest and concern for investors. For years, investors have pushed companies for more performance-oriented programs related to executive compensation. Such programs employ short- and long-term incentives based on specific company metrics.

The SEC's regulations on disclosing information about these programs "have left many companies concerned that providing this information may lead to unintentionally disclosing proprietary information in the process," Radford Surveys + Consulting says.

"Many companies believe it's difficult for them to disclose corporate metrics around short- and long-term incentive plans," said Edward Speidel, senior vice president with Radford Surveys + Consulting. "Companies that resist this year, however, will be asked to provide a convincing case for why and how it would be competitively harmful to disclose this information, especially information already reflecting results that are publicly disclosed."

According to Radford, the substantive requirements of the Compensation Discussion and Analysis (CD&A), a form companies publicly disclose, have proven to be more cumbersome than expected.

"While many companies did a good job with their CD&As in 2007, there were also many that missed the mark and probably received a free pass," says Speidel, "Those who choose not to follow the true intent of all the rules this year are going to find themselves being challenged by the SEC and other corporate governance agencies much more than in previous years."