



Insurance & Banking Subcommittee

Wednesday, September 16, 2015

4:00 PM

Sumner Hall (404 HOB)

MEETING PACKET

Committee Meeting Notice

HOUSE OF REPRESENTATIVES

Insurance & Banking Subcommittee

Start Date and Time: Wednesday, September 16, 2015 04:00 pm
End Date and Time: Wednesday, September 16, 2015 06:00 pm
Location: Sumner Hall (404 HOB)
Duration: 2.00 hrs

Consideration of the following bill(s):

HB 17 Family Trust Companies by Roberson, K.

Office of Insurance Consumer Advocate Current Issues

Citizens Property Insurance Corporation Depopulation Status and Reform Initiatives

Pursuant to rule 7.12, the filing deadline for amendments to bills on the agenda by a member who is not a member of the committee or subcommittee considering the bill is 6:00 p.m., Tuesday, September 15, 2015.

By request of the Chair, all Insurance & Banking Subcommittee members are asked to have amendments to bills on the agenda submitted to staff by 6:00 p.m., Tuesday, September 15, 2015.

NOTICE FINALIZED on 09/09/2015 15:45 by McCloskey.Michele



The Florida House of Representatives

Regulatory Affairs Committee

Insurance & Banking Subcommittee

Steve Crisafulli
Speaker

John Wood
Chair

AGENDA

September 16, 2015
404 House Office Building
4 PM – 6 PM

- I. Call to Order & Roll Call**
- II. Consideration of the following bill:**
 - A. HB 17 Family Trust Companies by Roberson, K.
- III. Office of Insurance Consumer Advocate Current Issues**
 - A. C. Sha’Ron James, Insurance Consumer Advocate
- IV. Citizens Property Insurance Corporation Depopulation Status and Reform Initiatives**
 - A. Representative John Wood, Chairman, Insurance & Banking Subcommittee
 - B. Christine Ashburn, Vice President-Communications, Legislative and External Affairs
- V. Adjournment**

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 17 Family Trust Companies
SPONSOR(S): Roberson
TIED BILLS: IDEN./SIM. **BILLS:** SB 80

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Insurance & Banking Subcommittee		Bauer <i>JB</i>	Luczynski <i>NJ</i>
2) Regulatory Affairs Committee			

SUMMARY ANALYSIS

In 2014, the Florida Legislature created the Florida Family Trust Company Act (ch. 662, F.S., "the Act"). Effective October 1, 2015, the Act allows families to form unlicensed, licensed, and foreign licensed private family trust companies (FTCs), subject to certain regulatory requirements. The Act will be enforced by the Office of Financial Regulation (OFR), which charters and regulates entities engaging in financial institution business in Florida, including public, commercial trust companies.

The bill modifies and clarifies a number of the Act's requirements of licensed FTCs, unlicensed FTCs, and foreign licensed FTCs. The bill:

- Provides that OFR must conduct an examination of a licensed FTC every 36 months instead of the current 18 months;
- Removes the requirement that OFR conduct examinations of unlicensed FTCs;
- Requires a judicial determination of a breach of fiduciary duty or trust before the OFR may enter a cease and desist order, and clarifies that a FTC has an opportunity for an administrative hearing before the OFR may revoke a FTC's license;
- Requires all FTCs in operation on October 1, 2016, to either apply for the appropriate FTC license or registration, or cease doing business in this state by December 30, 2016;
- Clarifies that OFR is responsible for the regulation, supervision, and examinations of licensed FTCs, and limits the OFR's role over unlicensed or foreign FTCs to ensuring that services provided by such companies are provided only to family members and to determining conformity with the Act;
- Requires the management of a licensed FTC to have at least three directors or managers and requires that at least one of those directors or managers be a Florida resident;
- Provides that a FTC registration application must state that trust operations will comply with statutory provisions relating to organizational documents, minimum capital requirements, and segregated books, records, and assets;
- Provides that the designated relatives in a licensed FTC may not have a common ancestor within three generations, instead of the current five generations;
- Requires that a registration application for a foreign licensed FTC must provide proof that the company is in compliance with the FTC laws and regulations of its principal jurisdiction;
- Requires amendments to certificates of formation or certificates of organization to be submitted to the OFR at least 30 days before it is filed or effective; and
- Allows FTCs to file annual renewal applications within 45 days of the end of each calendar year.

The bill does not appear to have a fiscal impact on state and local governments. The bill may have a positive fiscal impact on the private sector.

The bill is effective upon becoming law.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Trusts

A trust is generally defined as, "a fiduciary relationship with respect to property, subjecting the person by whom the title to the property is held to equitable duties to deal with the property for the benefit of another person, which arises as a result of a manifestation of an intention to create it."¹ A trust must have three interest holders - a settlor (also called a "grantor"), a trustee, and a beneficiary. The settlor is the party creating the trust. The beneficiary has an equitable interest in property subject to trust, enjoying the benefit of the administration of the trust by a trustee.² The trustee holds legal title to the property held in trust for the benefit of the beneficiary.³ A bank with trust powers or a trust company may offer its services to the general public to serve as trustee of private trusts.

Background: Florida Family Trust Company Act

In 2014, the Florida Legislature created the Florida Family Trust Company Act (ch. 662, F.S., "the Act").⁴ Effective October 1, 2015, the Act allows families to form unlicensed, licensed, and foreign licensed private family trust companies (FTCs) subject to certain regulatory requirements that will be enforced by the Office of Financial Regulation (OFR), which charters and regulates entities engaging in financial institution business in Florida, which include public, commercial trust companies, in accordance with the Florida Financial Institutions Codes (Codes).⁵

Families may prefer to form a private FTC (instead of using individual or institutional trustees) for a variety of reasons, such as tax and regulatory advantages, privacy, flexibility, and self-governance of the family's financial affairs. At least 14 other states currently have statutes governing the organization and operation of FTCs.

In general, an FTC is an entity which provides trust services similar to those provided by an individual or an institutional trustee. This includes serving as a trustee of trusts held for the benefit of the family members, as well as providing other fiduciary, investment advisory, wealth management, and administrative services to the family. A Florida FTC must be owned exclusively by family members and may not provide fiduciary services to the public.⁶ The Act's three FTC types are:⁷

1. (Unlicensed) Family trust company

A FTC is a corporation or limited liability company exclusively owned by one or more family members, organized or qualified to do business in Florida, and acts as a fiduciary for one or more family members. A FTC may not serve as a fiduciary for a non-family member, except that it may provide such fiduciary services for up to 35 individuals who are not family members, but who are current or former employees of the FTC or of trusts, companies, or other entities that are family members. These FTCs must register with the OFR before beginning operations in Florida.⁸

¹ 55A Fla.Jur.2d Trusts s.1; *see also* s. 731.201(38), F.S.

² *Id.*

³ 55A Fla.Jur.2d Trusts s.1.

⁴ Ch. 2014-97, Laws of Fla.

⁵ The Codes consist of ch. 655 (Financial Institutions), ch. 657 (Credit Unions), ch. 658 (Banks and Trust Companies), ch. 660 (Trust Business), ch. 663 (International Banking), ch. 665 (Associations), and ch. 667 (Savings Banks), F.S.

⁶ s. 662.102, F.S.

⁷ s. 662.111(12), (15), and (16), F.S.

⁸ s. 662.122, F.S.

2. *Foreign licensed family trust company*

A foreign licensed FTC has its principal place of business outside of Florida, and is licensed, operating, and supervised by a state other than Florida or by the District of Columbia, and is not owned by or a subsidiary of a business entity that is organized in or licensed by any foreign country as defined by the international banking chapter of the Codes.⁹ Foreign licensed FTCs must register with the OFR before beginning operations in Florida.¹⁰

3. *Licensed family trust company*

A licensed FTC operates under a current (not revoked or suspended) license issued by the OFR, pursuant to s. 662.121, F.S.

The Act contains regulatory requirements relating to:

- Initial and renewal licensure and registration,
- Acts authorizing the OFR to take action against a FTC's license or registration, including cease and desist authority,
- Qualifications for directors, officers, managers or managerial members of any FTC type,
- Organizational and management authority for FTCs,
- Capital requirements for FTCs with a principal place of business in Florida, and
- Investigation, examination, and enforcement authority by the OFR, including cease and desist authority.

Current Situation

According to proponents of the Act and the bill, a number of family offices in Florida have indicated that the Act is not workable in its current form, namely due to the Act's examination requirements that would be intrusive into private family arrangements, and may exceed what is minimally required to avoid triggering the application of certain federal securities laws.¹¹ Currently, the Act requires that the OFR conduct an examination of all FTC types at least once every 18 months.¹²

Deficiencies in the Act for unlicensed FTCs and foreign licensed FTCs

Section 662.141(1), F.S., requires the OFR to conduct mandatory examinations of each unlicensed FTC once every 18 months in order to determine that it is operating as an unlicensed FTC within the meaning of the Act. It is unclear how the OFR will conduct such examinations, but each review of an unlicensed FTC will necessarily require a review of private family trust instruments and financial arrangements. The majority of FTCs in existence in other jurisdictions choose to organize as unlicensed, unregulated FTCs, due to the desire to keep family arrangements private and to avoid being subjected to intrusive examinations. Examinations of unlicensed FTCs are inconsistent with the purpose of the Act, which provides that "unlike trust companies formed under chapter 658, there is no public interest to be served outside of ensuring that fiduciary activities performed by a family trust company are restricted to family members."¹³ If unlicensed FTCs are subject to mandatory OFR examinations, then Florida's comparatively intrusive examination requirements may deter unlicensed FTCs located in other states, as well as family offices currently operating in Florida, from organizing as an unlicensed FTC in Florida.¹⁴

⁹ See s. 663.01(3), F.S.

¹⁰ s. 662.122, F.S.

¹¹ Real Property, Probate and Trust Law Section (RPPTL) of the Florida Bar, *White Paper on Proposed Changes to the Florida Family Trust Company Act* ("RPPTL White Paper"), pp. 2-3 (on file with the Insurance & Banking Subcommittee staff).

¹² s. 662.141(1), F.S.

¹³ s. 662.102, F.S.

¹⁴ RPPTL White Paper, pp. 3-4.

Deficiencies in the Act for licensed FTCs

According to the proponents, there is no public interest served by having the OFR regulate FTCs. Nevertheless, a small number of FTCs may desire OFR supervision for a number of reasons including family governance issues, federal income tax considerations and exemption from the federal Investment Advisers Act of 1940 (IAA), which is administered by the U.S. Securities and Exchange Commission (SEC).¹⁵ With certain exceptions, the IAA requires that firms or sole practitioners compensated for advising others about securities investments must register with the SEC and conform to regulations designed to protect investors.¹⁶ One such exception is a “family office.”¹⁷ However, the SEC has somewhat restrictively defined “family office,” and for many families this definition would exclude certain in-laws, aunts and uncles, and cousins. Thus, a family office serving those individuals would typically fail the SEC’s “family office” definition, subjecting it to burdensome SEC registration as an investment adviser.

SEC registration requirements and regulations may include: (1) filing a Form ADV with the SEC, which must be kept current with periodic updates; (2) annual filings with the SEC of an audited balance sheet; (3) undergoing an annual surprise examination by an independent public accountant to verify client assets; and (4) inspections and examinations by SEC staff.¹⁸ While the IAA generally protects the disclosure of client identities, investments or affairs and the fact of examination or investigation by the SEC, it does make public information contained in registration applications, reports, and amendments thereto filed with the SEC, unless the SEC “finds that public disclosure is neither necessary nor appropriate in the public interest or for the protection of investors.”¹⁹

The IAA was written with the intention that a licensed FTC would not be required to register as an “investment adviser” with the SEC. In addition to exempting family offices, the 1940 Act excludes “banks” from the definition of “investment adviser,” and includes “trust company[ies]... doing a substantial portion of the business which consists of receiving deposits or exercising fiduciary powers similar to those permitted to national banks....and which is supervised and examined by State or Federal authority having supervision over banks...and which is not operated for the purpose of evading the provisions of this subchapter”²⁰ (emphasis added). It was believed that OFR regulation of licensed FTCs under the Act would be sufficient to constitute “supervised and examined” within the meaning of this so-called “bank exemption” from SEC regulation under the IAA.

The view of SEC regulation experts regarding whether state “supervision and examination” is sufficient to allow a FTC to qualify for the “bank exemption” has evolved since the enactment of the Act. Currently, the Act requires OFR to examine licensed FTCs once every 18 months, but only for compliance with very specific provisions of the Act.²¹ Moreover, licensed FTCs may be able to satisfy examination requirements through the submission of audits conducted by certified public accounting firms. Experts in the field of SEC regulation now believe that in order to qualify for the “bank exemption,” a licensed FTC must be regulated and examined in substantially the same manner as a public trust company, although not necessarily with the same frequency.²² The regulation and examination of licensed FTCs under the current Act falls short of

¹⁵ 15 U.S.C. §§ 80b-1 through §80b-21.

¹⁶ U.S. SECURITIES AND EXCHANGE COMMISSION, *The Laws That Govern the Securities Industry*, <http://www.sec.gov/about/laws.shtml#invadvact1940> (last visited Sept. 1, 2015).

¹⁷ 15 U.S.C. §80-2(a)(11)(G) and 17 C.F.R. §275.202(a)(11)(G)-1.

¹⁸ 15 U.S.C. §§80b-3 and 80b-4; *see also* SECURITIES & EXCHANGE COMMISSION, *How to Register as an Investment Adviser*, at <http://www.sec.gov/divisions/investment/iaregulation/regia.htm> (last viewed Sept. 8, 2015).

¹⁹ 15 U.S.C. §80b-10.

²⁰ *See* 15 U.S.C. §80b-2(a)(11)(A) (definition of “investment adviser”) and 15 U.S.C. §80b-2(a)(2)(C) (definition of “bank”).

²¹ s. 662.141, F.S.

²² Section 655.045(1), F.S., requires the OFR to examine each state financial institution at least every 18 months. While the OFR may accept an examination from an appropriate federal regulator or may conduct joint or concurrent examinations with federal regulators, the OFR must conduct its own independent examination at least once during each 36-month period beginning July 1, 2014.

this standard, which would make them unlikely to qualify for the “bank exemption” from investment advisor registration requirements.²³

Effect of the Bill

In addition to addressing the deficiencies in the Act’s examination requirements as discussed above, the bill clarifies a number of other provisions in the Act.

Examinations of FTCs

Section 1 of the bill amends 662.102, F.S. (which describes the purpose of the Act), to clarify that OFR will regulate, supervise and examine only those FTCs which choose to organize as licensed FTCs.

Section 3 of the bill creates s. 662.113, F.S., to clarify that the Codes do not apply to FTCs unless otherwise indicated in the Act, although it does not limit the OFR’s ability to investigate any entity to ensure that it is not in violation with the Act or the Codes. The Act is intended to be a stand-alone framework for FTC governance.

Section 11 of the bill amends s. 662.141, F.S., to expand the scope of OFR examinations of *licensed FTCs* to make them sufficiently similar to examinations of public trust companies in order for to qualify for the “bank exemption” from SEC regulation under the 1940 Act. Although examinations of licensed FTCs will be more rigorous, the bill provides that they will occur only once every 36 months rather than once every 18 months. The bill also clarifies that *unlicensed FTCs and foreign licensed FTCs* are subject to OFR examinations to the extent necessary to determine whether they have engaged in certain prohibited activities or have advertised services to the general public, and makes some drafting changes to reorder subsections.

Licensure, Registration, and Regulation of FTCs

Section 5 of the bill amends s. 662.1215, F.S., to specify that the OFR’s initial investigation of applicants seeking to become licensed FTCs includes a confirmation that the proposed FTC’s management structure complies with s. 662.125, F.S., which contains requirements for directors and officers.

Section 6 of the bill amends s. 662.122, F.S., to add cross-references (regarding organizational documents and minimum capital requirements) for the registration process for unlicensed FTCs and foreign licensed FTCs. It also adds a requirement to this statute that every foreign licensed FTC provides proof it is in compliance with the FTC laws and regulations of its principal jurisdiction.

Section 7 of the bill amends s. 662.1225, F.S., to clarify that a foreign licensed FTC must be in compliance with the FTC laws and regulations of its principal jurisdiction as a condition to operating in this state. The bill also provides that companies operating as a FTC as of October 1, 2016, must apply for licensure or registration on or before December 30, 2016, or cease doing business in this state.

Section 9 of the bill amends s. 662.128, F.S., to allow FTCs to file their annual renewals within 45 days after the end of the calendar year, rather than the 30 days currently required in statute. The annual renewal application is anticipated to be a somewhat complex document requiring more than 30 days to prepare. The bill also clarifies that the license renewal application’s verified statement be made by the FTC’s authorized representative.

Section 12 of the bill amends s. 662.142, F.S., which sets forth the grounds for revocation of a licensed FTC’s license by the OFR, including an act of commission or omission that is determined by a court of competent jurisdiction to be a breach of trust or fiduciary duty. If the OFR finds that an FTC has committed an act constituting a breach of trust or fiduciary duty, the OFR may enter an order immediately revoking the

FTC's license. The bill modifies s. 662.142, F.S., to account for the licensed FTC's administrative hearing rights under the Administrative Procedure Act (ch. 120, F.S.), and clarifies that the OFR may enter an order of revocation after a hearing has not been timely requested pursuant to ss. 120.569 and 120.57, F.S., or if a hearing is held and it has been determined that the licensed FTC has committed any violations enumerated in s. 662.142(1), F.S.

Section 13 of the bill amends s. 662.143, F.S., which authorizes the OFR to issue a cease and desist order upon a FTC in the event of certain violations of the Act, including an act of commission or omission that the OFR has reason to believe constitutes a breach of trust or a breach of fiduciary duty. The bill modifies s. 662.144, F.S., to require that an act of commission or omission be judicially determined to be a breach of trust or fiduciary duty prior to OFR issuing a cease and desist order.

Section 14 of the bill amends s. 662.144, F.S., to provide procedures for reinstating a FTC license or registration through the filing of a renewal application and payment of fees and fines.

Section 17 of the bill amends s. 662.151, F.S., to relocate existing language to s. 662.1225, F.S., (which is amended by Section 7 of the bill), regarding general FTC requirements. As noted above, Section 7 of the bill requires that companies operating as a FTC as of October 1, 2016, must apply for licensure or registration on or before December 30, 2016, or cease doing business in this state.

FTC Organization & Operation

Section 2 of the bill amends the definition of "officer" in s. 662.111, F.S., which includes non-director individuals who participate in the FTC's major policymaking functions. The definition contains a presumption that certain officers, such as the president, the chief financial officer, etc., are *executive* officers, unless excluded from major policymaking function by board resolution, bylaws, or operating agreement, as well as actual non-participation in those major policymaking functions by the individual. The bill amends this definition to eliminate reference to an "executive" officer.

Section 4 of the bill amends s. 662.120(2), F.S., which limits licensed FTCs to two "designated relatives," so long as the designated relatives do not have a common ancestor within five generations. The bill amends this provision to prohibit the two designated relatives from having a common ancestor within *three* generations.

Section 8 of the bill amends s. 662.123, F.S., which sets forth certain requirements for organizational documents for a FTC and requires a FTC to submit any proposed changes to its articles of incorporation, articles of organization, bylaws, or articles of organization of a limited liability company to OFR for review at least 30 days before an amendment is to become effective. The bill adds certificates of formation or certificates of organization to these organizational documents that requiring OFR's preapproval, but eliminates bylaws and articles of organization. According to the bill's proponents, amendments to a FTC's bylaws or articles of organization should not require approval from OFR, because the overwhelming majority of such instruments typically involve ministerial acts of day-to-day governance.²⁴

Section 10 of the bill amends s. 662.132, F.S., which sets forth restrictions on the purchases of bonds or other security instruments by a FTC from an affiliate of the FTC. The bill deletes the reference with the term "affiliate" in order to avoid confusion with the defined term "family affiliate" in s. 662.111, F.S. The bill substitutes "parent or subsidiary company" in place of the term "affiliate." Additionally, the bill substitutes the more legally accurate term "broker-dealer" instead of "distributor" to describe permissible investment transactions for FTCs.

Sections 15 and 16 of the bill make technical, drafting changes to ss. 662.145 and 662.150, F.S., relating to grounds for removal and domestication of a foreign FTC.

B. SECTION DIRECTORY:

Section 1. Amends s. 662.102, F.S., relating to the purpose of the Family Trust Company Act.

Section 2. Amends s. 662.111, F.S., relating to definitions.

Section 3. Creates s. 662.113, F.S., relating to applicability of other chapters of the financial institutions codes.

Section 4. Amends s. 662.120, F.S., relating to maximum number of designated relatives.

Section 5. Amends s. 662.1215, F.S., relating to investigation of license applicants.

Section 6. Amends s. 662.122, F.S., relating to registration of a family trust company or a foreign licensed family trust company.

Section 7. Amends s. 662.1225, F.S., relating to requirements for a family trust company, licensed family trust company, and foreign licensed family trust company.

Section 8. Amends s. 662.123, F.S., relating to organizational documents; use of term "family trust" in name.

Section 9. Amends s. 662.128, F.S., relating to annual renewal.

Section 10. Amends s. 662.132, F.S., relating to investments.

Section 11. Amends s. 662.141, F.S., relating to examination, investigations, and fees.

Section 12. Amends s. 662.142, F.S., relating to revocation of license.

Section 13. Amends s. 662.143, F.S., relating to cease and desist authority.

Section 14. Amends s. 662.144, F.S., relating to failure to submit required report; fines.

Section 15. Amends s. 662.145, F.S., relating to grounds for removal.

Section 16. Amends s. 662.150, F.S., relating to domestication of a foreign family trust company.

Section 17. Amends s. 662.151, F.S., relating to registration of a foreign licensed family trust company.

Section 18. Provides an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

According to the bill's proponents, the bill should not have a fiscal impact on state and local governments. The bill's elimination and simplification of OFR examination requirements on licensed and non-licensed FTCs, respectively, should be revenue neutral or revenue positive. The application fees for establishing FTCs, annual certification and other fees are anticipated to offset OFR's costs in regulating licensed FTCs.²⁵

The OFR anticipates that revenues in year one from the proposed late fee will be \$0 since there will only be initial licensure and registration and no renewals in the first year in which the Act is implemented. In subsequent years, the OFR estimates that late fees and fines for delinquent annual fees will be approximately \$1,500 - \$3,000 annually.²⁶

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

According to the proponents, the bill should help attract high net worth families to choose Florida as a jurisdiction to establish family trust companies.²⁷

As noted above, the OFR anticipates that expenditures in year one from the proposed late fee will be \$0 since there will only be initial licensure and registration and no renewals in the first year in which the Act is implemented. In subsequent years, the OFR anticipates that late fees and fines for delinquent annual fees will be approximately \$1,500 - \$3,000 annually.²⁸

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect county or municipal governments.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill does not provide any new rulemaking authority. The bill reorganizes s. 662.141, F.S., to move the Financial Services Commission's existing rulemaking authority in subsection (3) to subsection (6).

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

²⁶ Office of Financial Regulation, Agency Analysis of 2015 House Bill 17, p. 6 (Sept. 8, 2015).

²⁷ RPPTL White Paper, pp. 9-10.

²⁸ Office of Financial Regulation, Agency Analysis of 2015 House Bill 17, p. 6 (Sept. 8, 2015).

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

1 A bill to be entitled
2 An act relating to family trust companies; amending s.
3 662.102, F.S.; revising the purposes of the Family
4 Trust Company Act; providing legislative findings;
5 amending s. 662.111, F.S.; redefining the term
6 "officer"; creating s. 662.113, F.S.; specifying the
7 applicability of other chapters of the financial
8 institutions codes to family trust companies;
9 providing that the section does not limit the
10 authority of the Office of Financial Regulation to
11 investigate an entity to ensure that it does not
12 violate of chapter 662, F.S., or applicable provisions
13 of the financial institutions codes; amending s.
14 662.120, F.S.; revising the ancestry requirements for
15 designated relatives of a licensed family trust
16 company; amending s. 662.1215, F.S.; revising the
17 requirements for investigations of license applicants
18 by the Office of Financial Regulation; amending s.
19 662.122, F.S.; revising the requirements for
20 registration of a family trust company and a foreign
21 licensed family trust company; amending s. 662.1225,
22 F.S.; requiring a foreign licensed family trust
23 company to be in compliance with the family trust laws
24 and regulations in its jurisdiction; specifying the
25 date by which family trust companies must be
26 registered or licensed or, if not registered or

27 | licensed, cease doing business in this state; amending
 28 | s. 662.123, F.S.; revising the types of amendments to
 29 | organizational documents which must have prior
 30 | approval by the office; amending s. 662.128, F.S.;
 31 | extending the deadline for the filing of, and revising
 32 | the requirements for, specified license and
 33 | registration renewal applications; amending s.
 34 | 662.132, F.S.; revising the authority of specified
 35 | family trust companies while acting as fiduciaries to
 36 | purchase certain bonds and securities; revising the
 37 | prohibition against the purchase of certain bonds or
 38 | securities by specified family trust companies;
 39 | amending s. 662.141, F.S.; revising the purposes for
 40 | which the office may examine or investigate a family
 41 | trust company that is not licensed and a foreign
 42 | licensed family trust company; deleting the
 43 | requirement that the office examine a family trust
 44 | company that is not licensed and a foreign licensed
 45 | family trust company; providing that the office may
 46 | rely upon specified documentation that identifies the
 47 | qualifications of beneficiaries as permissible
 48 | recipients of family trust company services; deleting
 49 | a provision that authorizes the office to accept an
 50 | audit by a certified public accountant in lieu of an
 51 | examination by the office; authorizing the Financial
 52 | Services Commission to adopt rules establishing

53 | specified requirements for family trust companies;
 54 | amending s. 662.142, F.S.; deleting a provision that
 55 | authorizes the office to immediately revoke the
 56 | license of a licensed family trust company under
 57 | certain circumstances; revising the circumstances
 58 | under which the office may enter an order revoking the
 59 | license of a licensed family trust company; amending
 60 | s. 662.143, F.S.; revising the acts that may result in
 61 | the entry of a cease and desist order against
 62 | specified family trust companies and affiliated
 63 | parties; amending s. 662.144, F.S.; authorizing a
 64 | family trust company to have its terminated
 65 | registration or revoked license reinstated under
 66 | certain circumstances; revising the timeframe for a
 67 | family trust company to wind up its affairs under
 68 | certain circumstances; requiring the deposit of
 69 | certain fees and fines in the Financial Institutions'
 70 | Regulatory Trust Fund; amending s. 662.145, F.S.;
 71 | revising the office's authority to suspend a family
 72 | trust company-affiliated party who is charged with a
 73 | specified felony or to restrict or prohibit the
 74 | participation of such party in certain financial
 75 | institutions; s. 662.150, F.S.; making a technical
 76 | change; amending s. 662.151, F.S.; conforming a
 77 | provision to changes made by the act; providing an
 78 | effective date.

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Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 662.102, Florida Statutes, is amended to read:

662.102 Purposes; findings Purpose.—The purposes ~~purpose~~ of the Family Trust Company Act are ~~is~~ to establish requirements for licensing family trust companies, to regulate ~~provide~~ ~~regulation of these persons who provide fiduciary services to~~ family members of no more than two families and their related interests as a family trust company, and to establish the degree of regulatory oversight required of the Office of Financial Regulation over such companies. The ~~Unlike trust companies formed under chapter 658, there is no public interest to be served by this chapter is to ensure~~ ~~outside of ensuring~~ that fiduciary activities performed by a family trust company are restricted to family members and their related interests and as otherwise provided ~~for~~ in this chapter. Therefore, the Legislature finds that:

(1) A family trust company is ~~companies are not a~~ financial institution ~~institutions~~ within the meaning of the financial institutions codes, and Licensure of such a company ~~these companies~~ pursuant to chapters 658 and 660 is ~~should~~ not be required as it would not promote the purposes of the codes specified as set forth in s. 655.001.

(2) A family trust company may elect to be a licensed

105 family trust company under this chapter if the company desires
 106 to be subject to the regulatory oversight of the office, as
 107 provided in this chapter, notwithstanding that the company
 108 restricts its services to family members.

109 (3) With respect to: ~~Consequently, the office~~

110 (a) A licensed ~~of Financial Regulation is not responsible~~
 111 for regulating family trust company, the office is responsible
 112 for regulating, supervising, and examining the company as
 113 provided under this chapter.

114 (b) A family trust company that does not elect to be
 115 licensed and a foreign licensed family trust company, ~~companies~~
 116 to ensure their safety and soundness, and the responsibility of
 117 the office's role ~~office~~ is limited to ensuring that fiduciary
 118 services provided by the company ~~such companies~~ are restricted
 119 to family members and authorized related interests and not to
 120 the general public. The office is not responsible for examining
 121 a family trust company or a foreign licensed family trust
 122 company regarding the safety or soundness of its operations.

123 Section 2. Subsection (19) of section 662.111, Florida
 124 Statutes, is amended to read:

125 662.111 Definitions.—As used in this chapter, the term:

126 (19) "Officer" of a family trust company means an
 127 individual, regardless of whether the individual has an official
 128 title or receives a salary or other compensation, who may
 129 participate in the major policymaking functions of a family
 130 trust company, other than as a director. The term does not

131 include an individual who may have an official title and
 132 exercise discretion in the performance of duties and functions,
 133 but who does not participate in determining the major policies
 134 of the family trust company and whose decisions are limited by
 135 policy standards established by other officers, regardless of
 136 whether the policy standards have been adopted by the board of
 137 directors. The chair of the board of directors, the president,
 138 the chief officer, the chief financial officer, the senior trust
 139 officer, and all executive vice presidents of a family trust
 140 company, and all managers if organized as a limited liability
 141 company, are presumed to be ~~executive~~ officers unless such
 142 officer is excluded, by resolution of the board of directors or
 143 members or by the bylaws or operating agreement of the family
 144 trust company, other than in the capacity of a director, from
 145 participating in major policymaking functions of the family
 146 trust company, and such excluded officer does not actually
 147 participate therein.

148 Section 3. Section 662.113, Florida Statutes, is created
 149 to read:

150 662.113 Applicability of other chapters of the financial
 151 institutions codes.—If a family trust company, licensed family
 152 trust company, or foreign licensed family trust company limits
 153 its activities to the activities authorized under this chapter,
 154 the provisions of other chapters of the financial institutions
 155 codes do not apply to the trust company unless otherwise
 156 expressly provided in this chapter. This section does not limit

157 the office's authority to investigate an entity to ensure that
 158 it does not violate this chapter or applicable provisions of the
 159 financial institutions codes.

160 Section 4. Subsection (2) of section 662.120, Florida
 161 Statutes, is amended to read:

162 662.120 Maximum number of designated relatives.—

163 (2) A licensed family trust company may ~~not~~ have up to
 164 ~~more than~~ two designated relatives, ~~and~~ The designated
 165 relatives may not have a common ancestor within three ~~five~~
 166 generations.

167 Section 5. Paragraph (e) is added to subsection (2) of
 168 section 662.1215, Florida Statutes, to read:

169 662.1215 Investigation of license applicants.—

170 (2) Upon filing an application for a license to operate as
 171 a licensed family trust company, the office shall conduct an
 172 investigation to confirm:

173 (e) That the management structure of the proposed company
 174 complies with s. 662.125.

175 Section 6. Paragraph (b) of subsection (1) and paragraphs
 176 (a) and (c) of subsection (2) of section 662.122, Florida
 177 Statutes, are amended to read:

178 662.122 Registration of a family trust company or a
 179 foreign licensed family trust company.—

180 (1) A family trust company that is not applying under s.
 181 662.121 to become a licensed family trust company must register
 182 with the office before beginning operations in this state. The

183 registration application must:

184 (b) State that the family trust company is a family trust
 185 company as defined under this chapter and that its operations
 186 will comply with ss. 662.1225, 662.123(1), 662.124, 662.125,
 187 662.127, 662.131, and 662.134.

188 (2) A foreign licensed family trust company must register
 189 with the office before beginning operations in this state.

190 (a) The registration application must state that its
 191 operations will comply with ss. 662.1225, 662.125, 662.127,
 192 662.131, and 662.134 and that it is currently in compliance with
 193 the family trust company laws and regulations of its principal
 194 jurisdiction.

195 (c) The registration must include a certified copy of a
 196 certificate of good standing, or an equivalent document,
 197 authenticated by the official having custody of records in the
 198 jurisdiction where the foreign licensed family trust company is
 199 organized, along with satisfactory proof, as determined by the
 200 office, that the company is organized in a manner similar to a
 201 family trust company as defined under this chapter and is in
 202 compliance with the family trust company laws and regulations of
 203 its principal jurisdiction.

204 Section 7. Subsection (2) of section 662.1225, Florida
 205 Statutes, is amended, and subsection (3) is added to that
 206 section, to read:

207 662.1225 Requirements for a family trust company, licensed
 208 family trust company, or foreign licensed family trust company.-

209 (2) In order to operate in this state, a foreign licensed
 210 family trust company must be in good standing in its principal
 211 jurisdiction, must be in compliance with the family trust
 212 company laws and regulations of its principal jurisdiction, and
 213 must maintain:

214 (a) An office physically located in this state where
 215 original or true copies of all records and accounts of the
 216 foreign licensed family trust company pertaining to its
 217 operations in this state may be accessed and made readily
 218 available for examination by the office in accordance with this
 219 chapter.

220 (b) A registered agent who has an office in this state at
 221 the street address of the registered agent.

222 (c) All applicable state and local business licenses,
 223 charters, and permits.

224 (d) A deposit account with a state-chartered or national
 225 financial institution that has a principal or branch office in
 226 this state.

227 (3) A company in operation as of October 1, 2016, which
 228 meets the definition of a family trust company, must, on or
 229 before December 30, 2016, apply for licensure as a licensed
 230 family trust company, register as a family trust company or
 231 foreign licensed family trust company, or cease doing business
 232 in this state.

233 Section 8. Subsection (2) of section 662.123, Florida
 234 Statutes, is amended to read:

235 662.123 Organizational documents; use of term "family
 236 trust" in name.-

237 (2) A proposed amendment to the articles of incorporation,
 238 articles of organization, certificate of formation, or
 239 certificate of organization, bylaws, or articles of organization
 240 of a ~~limited liability company,~~ family trust company, or
 241 licensed family trust company must be submitted to the office
 242 for review at least 30 days before it is filed or effective. An
 243 amendment is not considered filed or effective if the office
 244 issues a notice of disapproval with respect to the proposed
 245 amendment.

246 Section 9. Subsections (1) through (4) of section 662.128,
 247 Florida Statutes, are amended to read:

248 662.128 Annual renewal.-

249 (1) Within 45 ~~30~~ days after the end of each calendar year,
 250 a family trust company ~~companies,~~ licensed family trust company
 251 ~~companies,~~ or ~~and~~ foreign licensed family trust company
 252 ~~companies~~ shall file its ~~their~~ annual renewal application with
 253 the office.

254 (2) The license renewal application filed by a licensed
 255 family trust company must include a verified statement by an
 256 authorized representative of the trust company that:

257 (a) The licensed family trust company operated in full
 258 compliance with this chapter, chapter 896, or similar state or
 259 federal law, or any related rule or regulation. The application
 260 must include proof acceptable to the office that the company is

261 a family trust company as defined under this chapter.

262 (b) Describes any material changes to its operations,
 263 principal place of business, directors, officers, managers,
 264 members acting in a managerial capacity, and designated
 265 relatives since the end of the preceding calendar year.

266 (3) The registration renewal application filed by a family
 267 trust company must include:

268 (a) A verified statement by an authorized representative
 269 ~~officer~~ of the trust company that it is a family trust company
 270 as defined under this chapter and that its operations are in
 271 compliance with ss. 662.1225, 662.123(1), 662.124, 662.125,
 272 662.127, 662.131, and 662.134, ~~+~~ chapter 896, ~~+~~ or similar state
 273 or federal law, ~~+~~ or ~~any~~ related rule or regulation.

274 (b) ~~, and include~~ The name of the company's ~~its~~ designated
 275 relative or relatives, if applicable, and the street address for
 276 its principal place of business.

277 (4) The registration renewal application filed by a
 278 foreign licensed family trust company must include a verified
 279 statement by an authorized representative of the trust company
 280 that its operations are in compliance with ss. 662.1225,
 281 662.125, 662.131, and 662.134 and in compliance with the family
 282 trust company laws and regulations of its principal
 283 jurisdiction. It must also provide:

284 (a) The current telephone number and street address of the
 285 physical location of its principal place of business in its
 286 principal jurisdiction.

287 (b) The current telephone number and street address of the
 288 physical location in this state of its principal place of
 289 operations where its books and records pertaining to its
 290 operations in this state are maintained.

291 (c) The current telephone number and address of the
 292 physical location of any other offices located in this state.

293 (d) The name and current street address in this state of
 294 its registered agent.

295 (e) Documentation satisfactory to the office that the
 296 foreign licensed family trust company is in compliance with the
 297 family trust company laws and regulations of its principal
 298 jurisdiction.

299 Section 10. Subsections (4) and (7) of section 662.132,
 300 Florida Statutes, are amended to read:

301 662.132 Investments.—

302 (4) Notwithstanding any other law, a family trust company
 303 or licensed family trust company may, while acting as a
 304 fiduciary, purchase directly from underwriters or broker-dealers
 305 ~~distributors~~ or in the secondary market:

306 (a) Bonds or other securities underwritten or brokered
 307 ~~distributed~~ by:

308 1. The family trust company or licensed family trust
 309 company;

310 2. A family affiliate; or

311 3. A syndicate, including the family trust company,
 312 licensed family trust company, or family affiliate.

313 (b) Securities of an investment company, including a
 314 mutual fund, closed-end fund, or unit investment trust, as
 315 defined under the federal Investment Company Act of 1940, for
 316 which the family trust company or licensed family trust company
 317 acts as an advisor, custodian, distributor, manager, registrar,
 318 shareholder servicing agent, sponsor, or transfer agent.

319 (7) Notwithstanding subsections (1)-(6), a family trust
 320 company or licensed family trust company may not, while acting
 321 as a fiduciary, purchase a bond or security issued by the
 322 company or its parent, or a subsidiary company ~~an affiliate~~
 323 thereof or its parent, unless:

324 (a) The family trust company or licensed family trust
 325 company is expressly authorized to do so by:

- 326 1. The terms of the instrument creating the trust;
- 327 2. A court order;
- 328 3. The written consent of the settlor of the trust for
 329 which the family trust company or licensed family trust company
 330 is serving as trustee; or
- 331 4. The written consent of every adult qualified
 332 beneficiary of the trust who, at the time of such purchase, is
 333 entitled to receive income under the trust or who would be
 334 entitled to receive a distribution of principal if the trust
 335 were terminated; and

336 (b) The purchase of the security is at a fair price and
 337 complies with:

- 338 1. The prudent investor rule in s. 518.11~~7~~ or other

339 prudent investor or similar rule under other applicable law,
 340 unless ~~such~~ compliance is waived in accordance with s. 518.11 or
 341 other applicable law.

342 2. The terms of the instrument, judgment, decree, or order
 343 establishing the fiduciary relationship.

344 Section 11. Section 662.141, Florida Statutes, is amended
 345 to read:

346 662.141 Examination, investigations, and fees.—The office
 347 may conduct an examination or investigation of a ~~family trust~~
 348 ~~company,~~ licensed family trust company, ~~or foreign licensed~~
 349 ~~family trust company~~ at any time it deems necessary to determine
 350 whether the a family trust company, licensed family trust
 351 company, ~~foreign licensed family trust company,~~ or licensed
 352 family trust company-affiliated party thereof ~~person~~ has
 353 violated or is about to violate any provision of this chapter,
 354 ~~or rules adopted by the commission pursuant to this chapter, or~~
 355 any applicable provision of the financial institution codes, or
 356 any rule ~~rules~~ adopted by the commission pursuant to this
 357 chapter or the such codes. The office may conduct an examination
 358 or investigation of a family trust company or foreign licensed
 359 family trust company at any time it deems necessary to determine
 360 whether the family trust company or foreign licensed family
 361 trust company has engaged in any act prohibited under s. 662.131
 362 or s. 662.134 and, if a family trust company or a foreign
 363 licensed family trust company has engaged in such act, to
 364 determine whether any applicable provision of the financial

365 institution codes has been violated.

366 (1) The office may rely upon a certificate of trust, trust
 367 summary, or written statement from the trust company which
 368 identifies the qualified beneficiaries of any trust or estate
 369 for which a family trust company, licensed family trust company,
 370 or foreign licensed family trust company serves as a fiduciary
 371 and the qualifications of such beneficiaries as permissible
 372 recipients of company services.

373 (2) The office shall conduct an examination of a licensed
 374 family trust company, ~~family trust company, or foreign licensed~~
 375 ~~family trust company~~ at least once every 36 ~~18~~ months.

376 ~~(2) In lieu of an examination by the office, the office~~
 377 ~~may accept an audit of a family trust company, licensed family~~
 378 ~~trust company, or foreign licensed family trust company by a~~
 379 ~~certified public accountant licensed to practice in this state~~
 380 ~~who is independent of the company, or other person or entity~~
 381 ~~acceptable to the office. If the office accepts an audit~~
 382 ~~pursuant to this subsection, the office shall conduct the next~~
 383 ~~required examination.~~

384 ~~(3)~~ The office shall examine the books and records of a
 385 ~~family trust company or licensed family trust company as~~
 386 necessary to determine whether it is a ~~family trust company or~~
 387 licensed family trust company as defined in this chapter, and is
 388 operating in compliance with this chapter ss. 662.1225, 662.125,
 389 ~~662.126, 662.131, and 662.134, as applicable.~~ The office may
 390 ~~rely upon a certificate of trust, trust summary, or written~~

391 ~~statement from the trust company identifying the qualified~~
 392 ~~beneficiaries of any trust or estate for which the family trust~~
 393 ~~company serves as a fiduciary and the qualification of the~~
 394 ~~qualified beneficiaries as permissible recipients of company~~
 395 ~~services. The commission may establish by rule the records to be~~
 396 ~~maintained or requirements necessary to demonstrate conformity~~
 397 ~~with this chapter as a family trust company or licensed family~~
 398 ~~trust company.~~

399 (3)~~(4)~~ The office shall examine the books and records of a
 400 foreign licensed family trust company as necessary to determine
 401 if it is a foreign licensed trust company as defined in this
 402 chapter and is in compliance with ss. 662.1225, 662.125,
 403 662.130(2), 662.131, and 662.134. In connection with an
 404 examination of the books and records of the company, the office
 405 may rely upon the most recent examination report or review or
 406 certification letters or similar documentation issued by the
 407 regulatory agency to which the foreign licensed family trust
 408 company is subject to supervision. ~~The commission may establish~~
 409 ~~by rule the records to be maintained or requirements necessary~~
 410 ~~to demonstrate conformity with this chapter as a foreign~~
 411 ~~licensed family trust company.~~ The office's examination of the
 412 books and records of a foreign licensed family trust company is,
 413 to the extent practicable, limited to books and records of the
 414 operations in this state.

415 (4)~~(5)~~ For each examination of the books and records of a
 416 family trust company, licensed family trust company, or foreign

417 licensed family trust company as authorized under this chapter,
 418 the trust company shall pay a fee for the costs of the
 419 examination by the office. As used in this section, the term
 420 "costs" means the salary and travel expenses of field staff
 421 which are directly attributable to the examination of the trust
 422 company and the travel expenses of any supervisory and ~~or~~
 423 support staff required as a result of examination findings. The
 424 mailing of payment for costs incurred must be postmarked within
 425 30 days after the receipt of a notice stating that the ~~such~~
 426 costs are due. The office may levy a late payment of up to \$100
 427 per day or part thereof that a payment is overdue, unless waived
 428 for good cause. However, if the late payment of costs is
 429 intentional, the office may levy an administrative fine of up to
 430 \$1,000 per day for each day the payment is overdue.

431 (5) ~~(6)~~ All fees collected under this section must be
 432 deposited into the Financial Institutions' Regulatory Trust Fund
 433 pursuant to s. 655.049 for the purpose of administering this
 434 chapter.

435 (6) The commission may establish by rule the records to be
 436 maintained or requirements necessary to demonstrate conformity
 437 with this chapter as a family trust company, licensed family
 438 trust company, or foreign licensed family trust company.

439 Section 12. Section 662.142, Florida Statutes, is amended
 440 to read:

441 662.142 Revocation of license.—

442 (1) Any of the following acts constitute ~~or conduct~~

443 ~~constitutes~~ grounds for the revocation by the office of the
 444 license of a licensed family trust company:

445 (a) The company is not a family trust company as defined
 446 in this chapter.†

447 (b) A violation of s. 662.1225, s. 662.123(1)(a), s.
 448 662.125(2), s. 662.126, s. 662.127, s. 662.128, s. 662.130, s.
 449 662.131, s. 662.134, or s. 662.144.†

450 (c) A violation of chapter 896, relating to financial
 451 transactions offenses, or a ~~any~~ similar state or federal law or
 452 ~~any~~ related rule or regulation.†

453 (d) A violation of any rule of the commission.†

454 (e) A violation of any order of the office.†

455 (f) A breach of any written agreement with the office.†

456 (g) A prohibited act or practice under s. 662.131.†

457 (h) A failure to provide information or documents to the
 458 office upon written request.† ~~or~~

459 (i) An act of commission or omission which ~~that~~ is
 460 judicially determined by a court of competent jurisdiction to be
 461 a breach of trust or ~~of~~ fiduciary duty ~~pursuant to a court of~~
 462 ~~competent jurisdiction.~~

463 (2) If the office finds ~~Upon a finding~~ that a licensed
 464 family trust company has committed any of the acts specified ~~set~~
 465 ~~forth~~ in subsection (1) ~~paragraphs (1)(a)-(h)~~, the office may
 466 enter an order suspending the company's license and provide
 467 notice of its intention to revoke the license and of the
 468 opportunity for a hearing pursuant to ss. 120.569 and 120.57.

469 (3) If a hearing is not timely requested pursuant to ss.
 470 120.569 and 120.57 or if a hearing is held and it has been
 471 determined that the licensed family trust company has committed
 472 any of the acts specified in subsection (1) ~~there has been a~~
 473 ~~commission or omission under paragraph (1)(i),~~ the office may
 474 ~~immediately~~ enter an order revoking the company's license. A The
 475 licensed family trust company has ~~shall have~~ 90 days to wind up
 476 its affairs after license revocation. If after 90 days the
 477 company is still in operation, the office may seek an order from
 478 the circuit court for the annulment or dissolution of the
 479 company.

480 Section 13. Subsection (1) of section 662.143, Florida
 481 Statutes, is amended to read:

482 662.143 Cease and desist authority.—

483 (1) The office may issue and serve upon a family trust
 484 company, licensed family trust company, ~~or~~ foreign licensed
 485 family trust company, or ~~upon a~~ family trust company-affiliated
 486 party, a complaint stating charges if the office has reason to
 487 believe that such company, family trust company-affiliated
 488 party, or individual named therein is engaging in or has engaged
 489 in any of the following acts ~~conduct that~~:

490 (a) ~~Indicates that~~ The company is not a family trust
 491 company or foreign licensed family trust company as defined in
 492 this chapter. †

493 (b) ~~Is~~ A violation of s. 662.1225, s. 662.123(1)(a), s.
 494 662.125(2), s. 662.126, s. 662.127, s. 662.128, s. 662.130, or

495 s. 662.134.~~†~~
 496 (c) ~~Is~~ A violation of any rule of the commission.~~†~~
 497 (d) ~~Is~~ A violation of any order of the office.~~†~~
 498 (e) ~~Is~~ A breach of any written agreement with the office.~~†~~
 499 (f) ~~Is~~ A prohibited act or practice pursuant to s.
 500 662.131.~~†~~
 501 (g) ~~Is~~ A willful failure to provide information or
 502 documents to the office upon written request.~~†~~
 503 (h) ~~Is~~ An act of commission or omission that is judicially
 504 determined by ~~or a court of competent jurisdiction practice that~~
 505 ~~the office has reason to be believe is~~ a breach of trust or ~~of~~
 506 fiduciary duty.~~†~~ ~~or~~
 507 (i) ~~Is~~ A violation of chapter 896 or similar state or
 508 federal law or any related rule or regulation.
 509 Section 14. Section 662.144, Florida Statutes, is amended
 510 to read:
 511 662.144 Failure to submit required report; fines.—If a
 512 family trust company, licensed family trust company, or foreign
 513 licensed family trust company fails to submit within the
 514 prescribed period its annual renewal or any other report
 515 required by this chapter or any rule, the office may impose a
 516 fine of up to \$100 for each day that the annual renewal or
 517 report is overdue. Failure to provide the annual renewal within
 518 60 days after the end of the calendar year shall automatically
 519 result in termination of the registration of a family trust
 520 company or foreign licensed family trust company or revocation

521 | of the license of a licensed family trust company. A family
 522 | trust company may have its registration or license automatically
 523 | reinstated by submitting to the office, on or before August 31
 524 | of the calendar year in which the renewal application is due,
 525 | the company's annual renewal application and fee required under
 526 | s. 662.128, a \$500 late fee, and the amount of any fine imposed
 527 | by the office under this section. A family ~~The~~ trust company
 528 | that fails to renew or reinstate its registration or license
 529 | must ~~shall thereafter have 90 days to~~ wind up its affairs on or
 530 | before November 30 of the calendar year in which such failure
 531 | occurs. Fees and fines collected under this section shall be
 532 | deposited into the Financial Institutions' Regulatory Trust Fund
 533 | pursuant to s. 655.049 for the purpose of administering this
 534 | chapter.

535 | Section 15. Paragraph (a) of subsection (6) of section
 536 | 662.145, Florida Statutes, is amended to read:

537 | 662.145 Grounds for removal.—

538 | (6) The chief executive officer, or the person holding the
 539 | equivalent office, of a family trust company or licensed family
 540 | trust company shall promptly notify the office if he or she has
 541 | actual knowledge that a family trust company-affiliated party is
 542 | charged with a felony in a state or federal court.

543 | (a) If a family trust company-affiliated party is charged
 544 | with a felony in a state or federal court, or is charged with an
 545 | offense in a court ~~the courts~~ of a foreign country with which
 546 | the United States maintains diplomatic relations which involves

547 a violation of law relating to fraud, currency transaction
 548 reporting, money laundering, theft, or moral turpitude and the
 549 charge is equivalent to a felony charge under state or federal
 550 law, the office may enter an emergency order suspending the
 551 family trust company-affiliated party or restricting or
 552 prohibiting participation by such ~~company-affiliated~~ party in
 553 the affairs of that particular family trust company or licensed
 554 family trust company or any state financial institution,
 555 subsidiary, or service corporation, upon service of the order
 556 upon the company and ~~the~~ family trust company-affiliated party
 557 ~~se~~ charged.

558 Section 16. Paragraph (b) of subsection (1) of section
 559 662.150, Florida Statutes, is amended to read:

560 662.150 Domestication of a foreign family trust company.—

561 (1) A foreign family trust company lawfully organized and
 562 currently in good standing with the state regulatory agency in
 563 the jurisdiction where it is organized may become domesticated
 564 in this state by:

565 (b) Filing an application for a license to begin
 566 operations as a licensed family trust company in accordance with
 567 s. 662.121, which must first be approved by the office, or by
 568 filing the prescribed form with the office to register as a
 569 family trust company to begin operations in accordance with s.
 570 662.122.

571 Section 17. Subsection (3) of section 662.151, Florida
 572 Statutes, is amended to read:

573 662.151 Registration of a foreign licensed family trust
 574 company to operate in this state.—A foreign licensed family
 575 trust company lawfully organized and currently in good standing
 576 with the state regulatory agency in the jurisdiction under the
 577 law of which it is organized may qualify to begin operations in
 578 this state by:

579 ~~(3) A company in operation as of the effective date of~~
 580 ~~this act that meets the definition of a family trust company~~
 581 ~~shall have 90 days from the effective date of this act to apply~~
 582 ~~for licensure as a licensed family trust company, register as a~~
 583 ~~family trust company or foreign licensed family trust company,~~
 584 ~~or cease doing business in this state.~~

585 Section 18. This act shall take effect upon becoming a
 586 law.

Citizens Property
Insurance Corporation

Discussion of Depopulation Reform – Chair Wood

**CITIZENS PROPERTY INSURANCE CORPORATION
OPERATIONAL REFORMS**

ISSUE	EXPLANATION	CS/CS/HB 1087 (2015)	VETO MESSAGE ISSUE?	OPTIONS FOR ACTION
DEPOPULATION PROCEDURES				
Consumer Choice	Currently, a consumer is not given the opportunity to choose from among takeout companies (TOCs) when there are competing offers. Thus, consumers may not get the benefit of lower premiums or better coverage that might have been offered by competing companies, or the option to choose one company over another based on other preferences.	Requires consumers to be notified when more than one company wishes to assume a policy.	No	Legislative action or Citizens action. Status: Citizens anticipates implementing an automated solution in 2017.
Transparency of Communications	Currently, TOCs are required to provide consumers with information about the premium amount, but may do so either by including the estimate in the takeout letter or providing the consumer with a telephone number to call for more information.	Requires that consumers receive the estimated premium, the renewal coverage, including an explanation of differences, and a comparison of both premium and coverage offered by the TOC to the premium and coverage provided by Citizens.	No	Legislative action or Citizens/OIR action. Status: Direct premium comparison – OIR and Citizens have developed a standardized format to be included in the takeout letter effective 10/2015. Enhanced coverage comparison – OIR and Citizens are developing a standardized format.

ISSUE	EXPLANATION	CS/CS/HB 1087 (2015)	VETO MESSAGE ISSUE?	OPTIONS FOR ACTION
Frequency of Communications	Because the depopulation process cycles each month, a consumer may receive more than one offer at different times in a year.	Allows a consumer to elect not to be solicited for takeout more than once in a six-month period.	Yes	<p>Legislative action would be required.</p> <p>In 2014, Citizens reports that 91% of policyholders received one takeout offer; 8% received two offers; 1% received 3 offers; and 0.1% received four offers.</p> <p>Other options for reducing communications that may be implemented by legislative or administrative action could include revising the depopulation schedule (currently cycles monthly) or consolidating communications.</p>
Rate Protection	Currently, there are no protections for unexpected rate increases or changes in the premium amount.	<p>Allows a consumer to retain eligibility for Citizens through the Clearinghouse if the insurer increases its initial premium more than 10% above its original estimate or increases the rate on the policy more than 10%/year during the 36 months following takeout.</p> <p>This gives consumer the same rate protection for takeouts through the depopulation program as they receive for takeouts at renewal through the Clearinghouse.</p>	Yes	Legislative action would be required.

ISSUE	EXPLANATION	CS/CS/HB 1087 (2015)	VETO MESSAGE ISSUE?	OPTIONS FOR ACTION
BOARD ELIGIBILITY				
Consumer Representative	Currently, the consumer representative cannot have conflicting employment, for example cannot be an insurance agent or work for an entity that does business with Citizens.	Exempts the consumer representative from the conflict of interest statute.	No	Legislative action would be required.
UNDERWRITING DATA				
Access to and Confidentiality of Underwriting Data	Current law allows Citizens to share certain underwriting and claims data with agents and insurers who may be contemplating underwriting a risk. The data must remain confidential.	Expands the list of entities who may receive the data and for what purposes and expressly prohibits its use for direct solicitation.	No	Legislative action would be required.
AGENT ELIGIBILITY				
Appointments	Current law requires Citizens to appoint only those agents who, at the time of their initial appointment, are authorized to write and are writing personal lines residential property coverage, commercial residential property coverage, or commercial nonresidential property coverage.	Requires Citizens to appoint only those agents who have and maintain at least one appointment with a separate insurer to write or to renew the types of policies offered by Citizens.	No	Legislative action would be required.



RICK SCOTT
GOVERNOR

June 2, 2015

Secretary Kenneth W. Detzner
Secretary of State
Florida Department of State
R.A. Gray Building
500 South Bronough Street
Tallahassee, Florida 32399

2015 JUN -2 PM 2:49
TALLAHASSEE, FLORIDA

Dear Secretary Detzner:

By the authority vested in me as Governor of the State of Florida, under the provisions of Article III, Section 8, of the Constitution of Florida, I do hereby veto and transmit my objections to Committee Substitute for Committee Substitute for House Bill 1087, enacted during the 117th Session of the Legislature of Florida, during the Regular Session of 2015 and entitled:

An act relating to Operations of the Citizens Property Insurance Corporation...

The bill makes several modifications regarding Citizens Property Insurance Corporation's ("Citizens") current efforts to return viable Citizens policyholders to the private market thus reducing the risk of additional assessments for all Floridians. This effort has gone a long way in reducing reliance on Citizens and the potential of assessments after a catastrophic event when Floridians are at their most vulnerable.

The mission of Citizens is to provide property insurance to, "those who are, in good faith, entitled to obtain coverage through the private market but are unable to do so..." This bill undermines progress in growing the number of property insurance options and reducing assessment risks for Florida families. My primary concern is the provision that prevents a policyholder from receiving more than one take-out offer every six months from a private insurer. This provision is inherently unfair to Citizens policyholders in that it limits policyholders' private market options, which means they may miss an opportunity to move to a better property insurance alternative.

The second issue with this legislation is in regards to the provision that creates a process where a policyholder returns to Citizens even though they are currently insured by a private market insurer. This perpetuates reliance on Citizens, which increases the potential for burdensome assessments on Florida families.

Secretary Kenneth W. Detzner
June 2, 2015
Page Two

As alternatives to Citizens continue to grow, state policy must continue to reduce dependency on Citizens, as it is designed to be an insurer of last resort and not the insurer of first resort. With the specter of assessments after a catastrophic event, we should encourage more competition that benefits every family. While I respect the hard work and dedication of the bill sponsors, provisions of this bill go against the mission and purpose of Citizens. For the reasons stated above, I withhold my approval of Committee Substitute for Committee Substitute for House Bill 1087, and do hereby veto the same.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Scott", with a large, stylized flourish at the beginning.

Rick Scott
Governor

Depopulation Status and Reform Initiatives – Christine Ashburn

Insurance and Banking Subcommittee

Citizens Depopulation Update

September 16, 2015

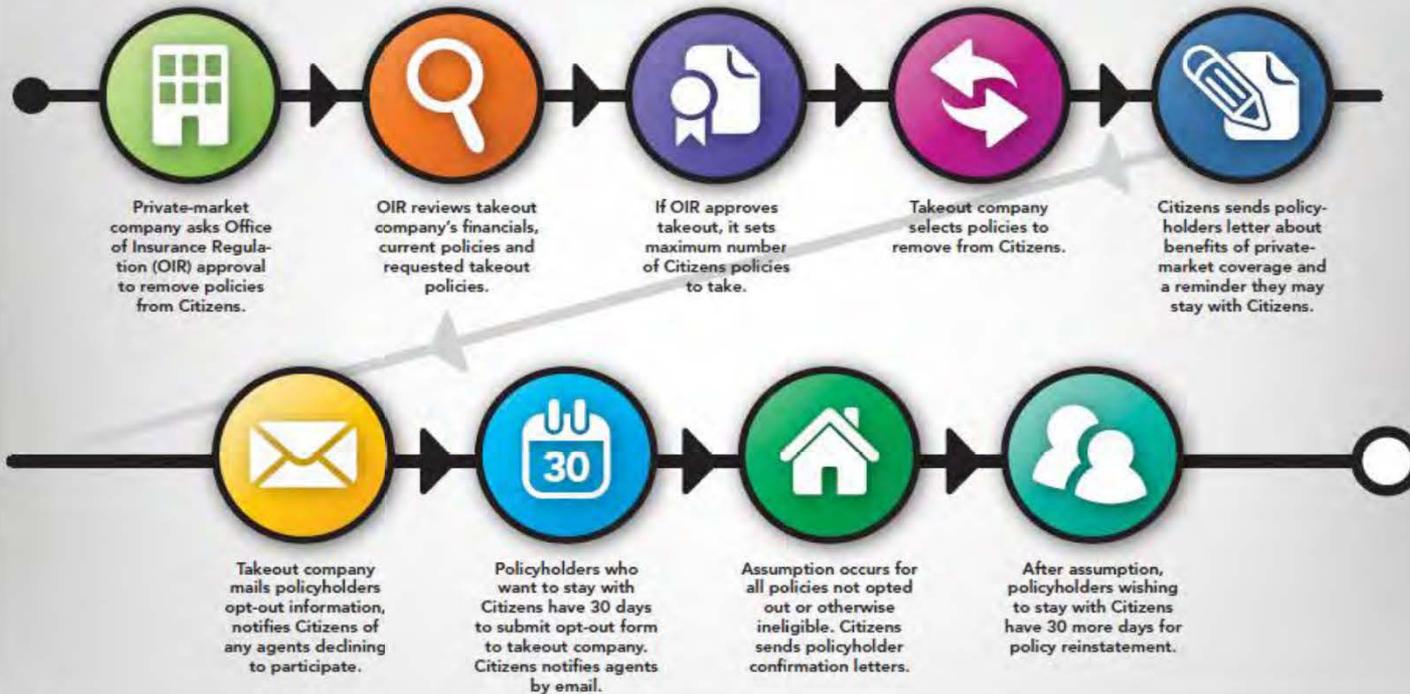
Christine Ashburn

VP – Communications, Legislative and External Affairs

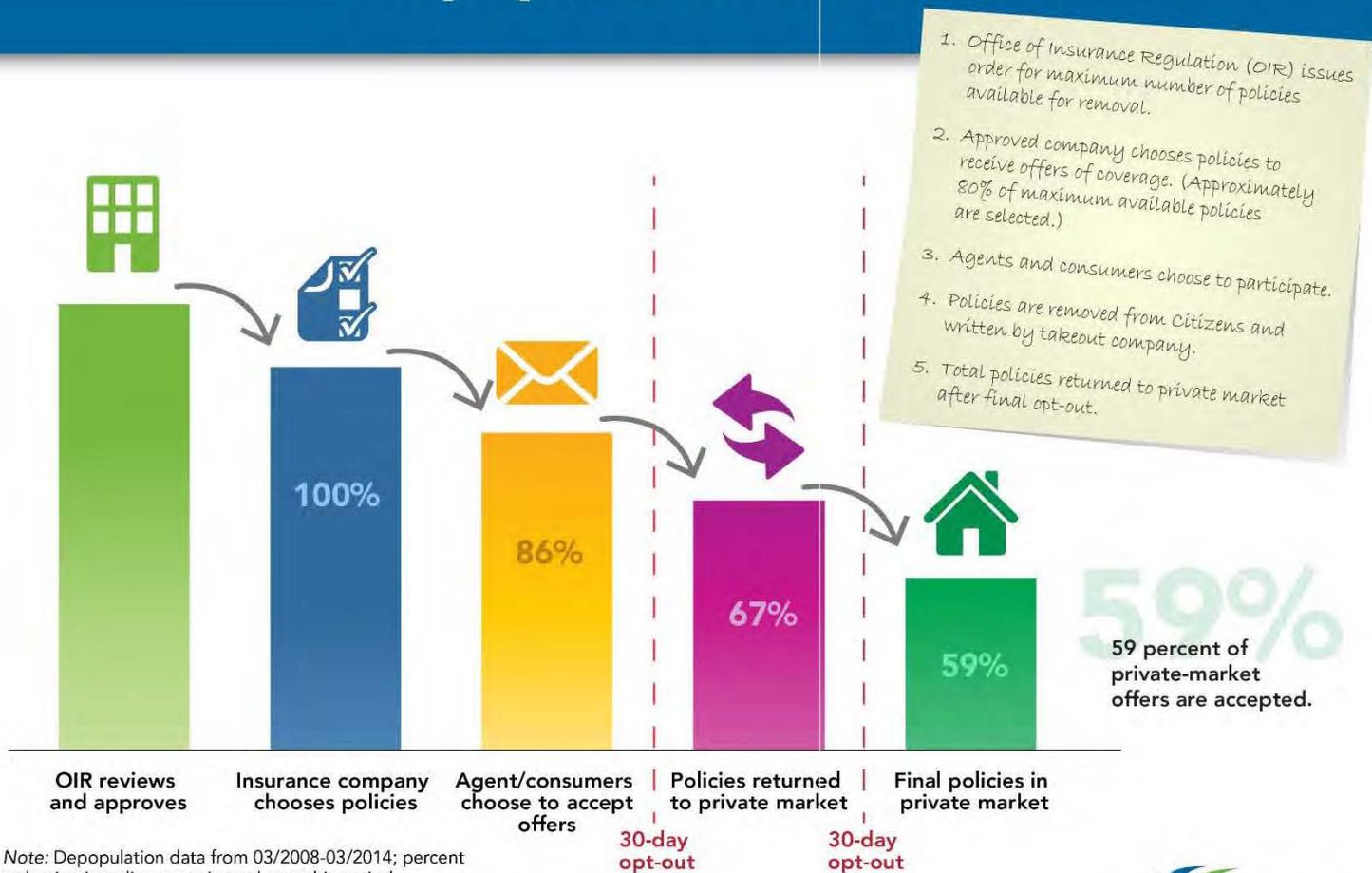


How Did My Citizens Policy Get Selected for Takeout?

Citizens helps policyholders find private-market coverage whenever possible. An authorized private-market insurance company may request to *take out* (*depopulate*) Citizens policies that are not pending cancellation, set for nonrenewal or selected for takeout by another insurer. Takeouts can occur any time during a policy term. Here's how depopulation works:



Depopulation Choices



Note: Depopulation data from 03/2008-03/2014; percent reduction in policy count is total over this period.

Visit <https://www.citizensfla.com/about/depoinfo.cfm>.

#PocketSense

Depopulation Customer Communications

- 1. 40 days prior to the assumption:** Customer receives the revised Citizens encouragement letter making them aware of offer letter that is on its way and the name of the carrier making the offer.
- 2. 35 days prior to assumption:** Customer receives the takeout offer letter from the carrier along with the opt-out form.
- 3. Date of assumption:** Citizens sends a notice of nonrenewal and certificate of assumption which includes the name of the assuming carrier and contact information.
- 4. 45 days prior to the Citizens expiration date:** Customer receives offer from the takeout carrier.

2014 Assumptions

Month	OIR Approved ¹	Requested by Insurers ²	Assumption Offers Made ³	Assumed ⁴	Assumption Rate ⁵
14-Jan	53,092	54,912	39,321	26,973	69%
14-Feb	151,249	125,804	82,372	62,496	76%
14-Mar	45,000	29,829	23,920	13,719	57%
14-Apr	10,000	5,159	4,316	3,192	74%
14-May	75,000	31,815	18,827	11,167	59%
14-Jun	NONE	NONE	NONE	NONE	NONE
14-Jul	10,000	2,692	2,634	1,887	72%
14-Aug	15,000	8,785	8,657	5,561	64%
14-Sep	10,000	3,776	3,530	2,555	72%
14-Oct	97,231	88,041	81,138	57,583	71%
14-Nov	427,584	553,400	215,770	150,459	70%
14-Dec	215,478	160,131	115,058	81,031	70%
Totals	1,109,634	1,064,344	595,543	416,623	70%

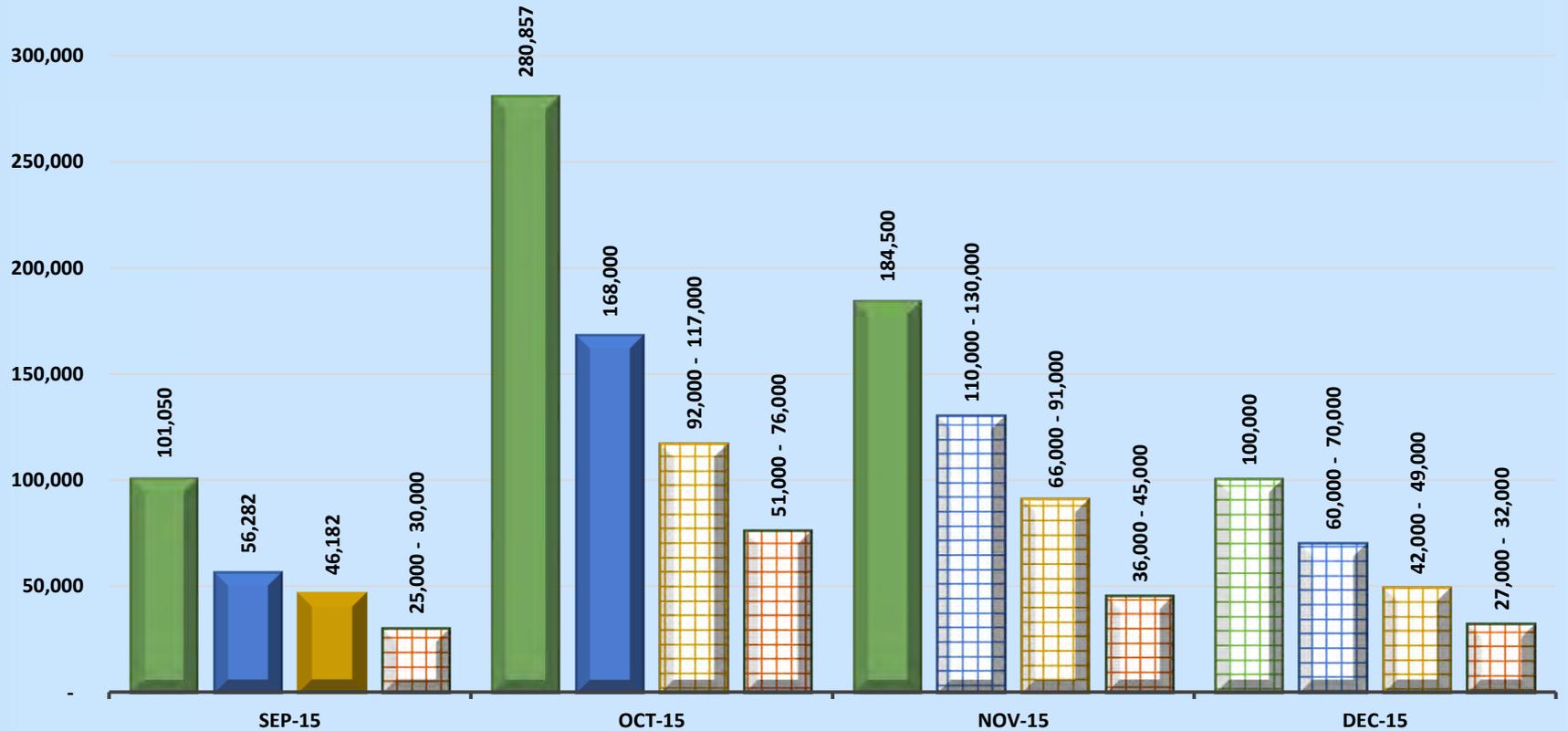
¹OIR approval is unrelated to number of policies requested. ²Sum of all policies requested, including duplicates. ³Sum reflects elimination of duplicates and policies not eligible to be assumed, e.g., policies that have cancelled or pending cancellation. ⁴Policies assumed on Assumption Date ⁵Quotient of 'Assumed' divided by 'Assumption Offers Made'

2015 Assumptions

Month	OIR Approved ¹	Requested by Insurers ²	Assumption Offers Made ³	Assumed ⁴	Assumption Rate ⁵
15-Jan	174,012	115,005	79,337	54,560	69%
15-Feb	181,441	96,488	72,768	40,847	56%
15-Mar	93,500	60,938	43,585	15,122	35%
15-Apr	77,397	61,503	17,039	10,021	59%
15-May	48,331	35,875	18,438	7,583	41%
15-June	45,500	NONE	NONE	NONE	NONE
15-July	30,050	27,563	23,189	13,514	58%
15-Aug	NONE	NONE	NONE	NONE	NONE
15-Sept	101,050	56,282	46,182	-	-
15-Oct	280,857	167,971	-	-	-
15-Nov	184,500	-	-	-	-
15-Dec	-	-	-	-	-
Totals⁶	1,216,638	621,625	300,538	141,647	47%

¹OIR approval is unrelated to number of policies requested. ²Sum of all policies requested, including duplicates. ³Sum reflects elimination of duplicates and policies not eligible to be assumed, e.g., policies that have cancelled or pending cancellation. ⁴Policies assumed on Assumption Date ⁵Quotient of 'Assumed' divided by 'Assumption Offers Made' ⁶Totals do not include data from cells containing '-'.

2015 Assumption Estimates



Solid Fill = Actual
Pattern Fill = Estimated

■ OIR Approved
 ■ Requested by Insurers
 ■ Assumption Offers Made
 ■ Assumed

2014 Depopulation Offer Frequency

# of Offers	# of Policy Holders	Percent	Avg. Months Between Offers	Standard Dev.
1	481,299	90.8%		
2	42,578	8.0%	7.72	2.14
3	5,958	1.1%	4.65	0.49
4	310	0.1%	3.37	0.22

Depopulation Process Enhancements

1. Encouragement Letter from Citizens—Change timing of letter to re-inforce carrier offer. **Complete.** Letter now sent to policyholders in advance of *Offer / Opt-out* mailer
2. Opt-out Form Availability—Make Opt-out form more readily available. **Complete.** Opt-out form now available to agents and policyholders for each Assumption on Citizens website.
3. OIR Approval—Revise offer letter from insurer to include language that more explicitly states that the insurer has met OIR requirements. **Complete.** Language revised on *Offer / Opt-Out* letter.
4. Co-branding—Have Citizens and Take-out carrier appear on correspondence related to Depopulation. **Complete.** Carrier Name now provided on the *Citizens Encouragement Letter*.

HB 1087 Related Efforts

1. Provision of Premium Estimates

- Premium estimate required on Offer/Opt-out letter effective for the October Assumption.
- Policyholder will possess a vital piece of information to inform their decision to accept or decline the Carrier's offer. No more premium surprises!
- If policyholder thinks the premium is too high → opt-out.

Dear Citizens Policyholder:

When you originally applied for coverage with Citizens Property Insurance Corporation (Citizens), you were given notice that your policy could be removed from Citizens if coverage became available for your property from another insurer. We are pleased to inform you that [Takeout Company Name] is offering to assume your policy on [Assumption Date] and offer new coverage when your current Citizens policy expires.

[Takeout Company Name] is a Florida licensed insurance company based in [City, Florida]. In order to participate in this assumption, [Takeout Company Name] applied for and received approval from the Office of Insurance Regulation. Information about [Takeout Company Name] is available at [www.website.com]. A coverage comparison and financial information about [Takeout Company Name] can be found at <http://www.florir.com/Sections/PandC/TakeoutCompanies.aspx>. We believe you should carefully consider this offer. Here are some important reasons why:

- [Takeout Company Name] provides coverage for certain Other Structures, such as screened enclosures and gazebos that Citizens does not cover.
- [Takeout Company Name] provides additional coverage options not offered by Citizens.
- [Takeout Company Name] offers secure, online internet access to your policy including the ability to choose electronic notifications and electronic payment.
- [Takeout Company Name] offers quarterly, semi-annual, and annual installment plans to assist you with budgeting your premiums.
- [Takeout Company Name] intends to provide you with superior customer service, efficient and fast policy service, and expedited claims handling.

Estimated Citizens Renewal Premium: \$¹
Estimated [Takeout Company Name] Premium: \$²

You are not required to accept this offer from [Takeout Company Name]. If you reject this offer, as described below, you will continue to receive coverage through Citizens. To reject this offer, complete and sign the enclosed form and return it to [Takeout Company Name] by [Date #10 on Depop Calendar minus 1 day].

IMPORTANT NOTICE

If you elect to remain covered by Citizens, you may continue to be subject to special Citizens policyholder surcharges if Citizens sustains significant losses. In addition, you may be subject to required Citizens rate increases. Additionally, the reduced coverages now being provided by Citizens are likely less comprehensive than the coverages being offered by [Takeout Company Name].

After completion of the assumption, and at least 45 days prior to the inception of your new policy, [Takeout Company Name] will send a copy of your policy to you. Please note that until your new policy is in effect you must continue to pay your Citizens premium. Your current agent will continue to service your insurance needs and you are encouraged to contact your agent to discuss this offer.

We look forward to providing you a high level of service as your insurance company. If you have any specific coverage or premium questions, please call your insurance agent or [Takeout Company Name] at [Takeout Company phone number]. For general information, visit our website at [www.website.com] to learn more about us and our commitment to you.

Takeout Company Signature

¹ Estimated renewal premium is based on current rates approved for Citizens and underwriting information currently on file. The estimated premium is provided for informational purposes only. Estimated premium is subject to change and includes all fees and taxes. Estimated premium assumes that there are no changes to your coverage, deductibles, wind mitigation credits, policy fees, surcharges, or future rate filings. All questions related to the Estimated Citizens Renewal Premium should be directed to your insurance agent.

² Estimated renewal premium is based on current rates approved for [Takeout Company Name] and on policy information provided by Citizens. The estimated premium is provided for informational purposes only. Estimated premium is subject to change and includes all fees and taxes. Estimated premium assumes that there are no changes to your coverage, deductibles, wind mitigation credits, policy fees, surcharges, or future rate filings.

HB 1087 Related Efforts

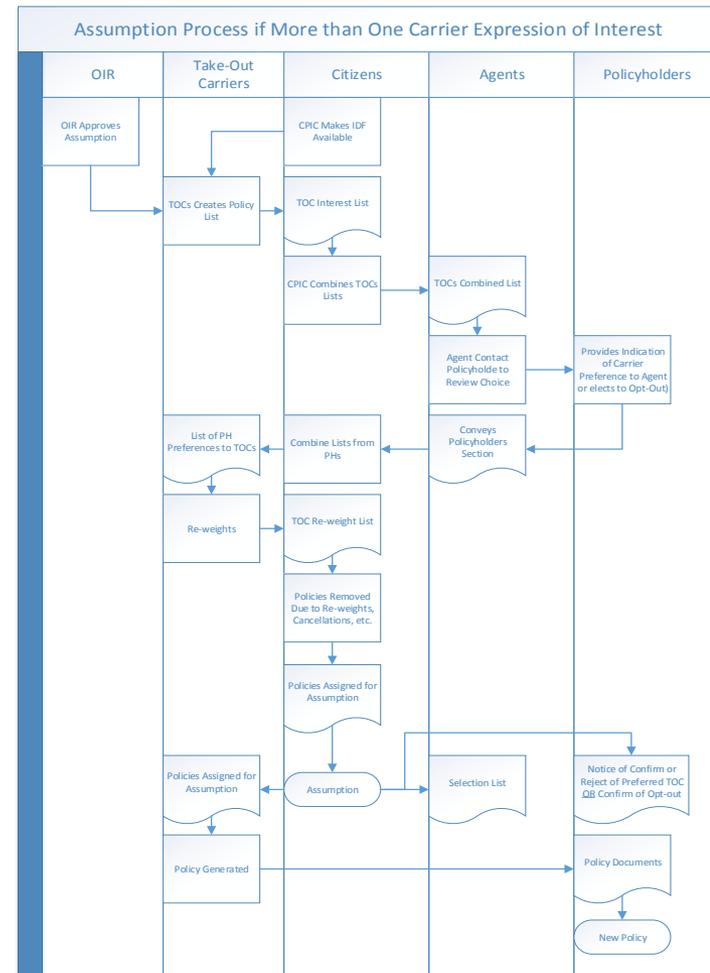
2. Coverage Comparison

- Expanded, revised and standardized format for the 'Description of Coverages' to be used by Citizens and take-out carriers will be ready for deployment by 9/30.
- Allows agents and consumers to compare existing Citizens policy coverages to carriers proposed coverage.
- Adoption of new format requires OIR cooperation.

HB 1087 Related Efforts

3. Notification of Multiple Expressions of Interest

- Development of manual workflow complete. Implementation would require revision and expansion of current process. Likely will necessitate additional time within and between Assumptions.
- Automated solution unavailable until 2017 due to need for external solicitation.



Effects of Depopulation on Policy Count



Questions

AGENT NAME
AGENCY NAME
AGENCY MAILING ADDRESS 1 AGENCY MAILING ADDRESS 2
AGENCY CITY, AGENCY STATE AGENCY ZIP



6676 Corporate Center Parkway
Jacksonville, FL 32216-0973
www.citizensfla.com

Date of Notice: Month dd, yyyy

{space reserved for IMb}

Policy Number: nnnnnnnn-nn
Property Address Line 1
Property Address City, State, Zip

INSURED NAME
INSURED MAILING ADDRESS LINE 1 INSURED MAILING ADDRESS LINE 2
INSURED MAILING CITY STATE ZIP

Dear [NamedInsured]:

[TOC NAME] soon will provide you an offer of property insurance coverage. [TOC NAME] is a licensed Florida insurance company that is approved by state insurance regulators to offer you this coverage.

This offer means you no longer are limited to receiving coverage only from Citizens, a government-created insurance company. We urge you to consider the following information carefully:

- As a Citizens policyholder, you may be required to pay an assessment on your policy premium if Citizens does not have the resources to pay claims following a major hurricane or series of storms. This assessment, which would be imposed only if Citizens incurs substantial losses, could be significant. Under the same circumstances, if you are insured by a private-market insurance company, such as [TOC SHORT NAME], your assessment would be much lower. Learn more at www.citizensfla.com/about/calculator.
- [TOC SHORT NAME] may provide you with more comprehensive property insurance coverage. To learn more about the coverage available through this offer, review the valuable coverage comparisons available on the Florida Office of Insurance Regulation's website at www.floir.com/Sections/PandC/TakeoutCompanies.aspx.
- You may decline this offer through an opt-out process; however, doing so does not guarantee you will remain insured by Citizens. Florida law requires that Citizens submit renewal policies to its Property Insurance Clearinghouse to determine whether private-market coverage is available. If the Clearinghouse identifies a comparable private-market offer with a premium equal to or less than your Citizens premium, your Citizens policy will be nonrenewed. Rejecting [TOC SHORT NAME]'s offer will not exempt your policy from submission to the Clearinghouse prior to renewal. Learn more at www.citizensfla.com/policyholder/clearinghouse.

[TOC SHORT NAME] will send you any additional notices and documents necessary to complete this transaction, including information about how you may decline this offer.

Please note:

- You must continue to pay your Citizens premium until your new policy with [TOC SHORT NAME] is in place.
- Your current agent will continue to service your insurance needs. You are encouraged to contact your agent to discuss this offer.

We hope you will consider taking advantage of this beneficial offer. Thank you for the opportunity to have provided you with property insurance coverage.

A handwritten signature in black ink that reads "Barry J. Gilway".

Barry J. Gilway
President/CEO and Executive Director
Citizens Property Insurance Corporation

DEPOP 121 03 26
(Insured copy)

Dear Citizens Policyholder:

When you originally applied for coverage with Citizens Property Insurance Corporation (Citizens), you were given notice that your policy could be removed from Citizens if coverage became available for your property from another insurer. We are pleased to inform you that [Takeout Company Name] is offering to assume your policy on [Assumption Date] and offer new coverage when your current Citizens policy expires.

[Takeout Company Name] is a Florida licensed insurance company based in [City, Florida]. In order to participate in this assumption, [Takeout Company Name] applied for and received approval from the Office of Insurance Regulation. Information about [Takeout Company Name] is available at [www.website.com]. A coverage comparison and financial information about [Takeout Company Name] can be found at <http://www.floir.com/Sections/PandC/TakeoutCompanies.aspx>. We believe you should carefully consider this offer. Here are some important reasons why:

- [Takeout Company Name] provides coverage for certain Other Structures, such as screened enclosures and gazebos that Citizens does not cover.
- [Takeout Company Name] provides additional coverage options not offered by Citizens.
- [Takeout Company Name] offers secure, online internet access to your policy including the ability to choose electronic notifications and electronic payment.
- [Takeout Company Name] offers quarterly, semi-annual, and annual installment plans to assist you with budgeting your premiums.
- [Takeout Company Name] intends to provide you with superior customer service, efficient and fast policy service, and expedited claims handling.

Estimated Citizens Renewal Premium: \$¹
Estimated [Takeout Company Name] Premium: \$²

You are not required to accept this offer from [Takeout Company Name]. If you reject this offer, as described below, you will continue to receive coverage through Citizens. To reject this offer, complete and sign the enclosed form and return it to [Takeout Company Name] by [Date #10 on Depop Calendar minus 1 day].

IMPORTANT NOTICE

If you elect to remain covered by Citizens, you may continue to be subject to special Citizens policyholder surcharges if Citizens sustains significant losses. In addition, you may be subject to required Citizens rate increases. Additionally, the reduced coverages now being provided by Citizens are likely less comprehensive than the coverages being offered by [Takeout Company Name].

After completion of the assumption, and at least 45 days prior to the inception of your new policy, [Takeout Company Name] will send a copy of your policy to you. Please note that until your new policy is in effect you must continue to pay your Citizens premium. Your current agent will continue to service your insurance needs and you are encouraged to contact your agent to discuss this offer.

We look forward to providing you a high level of service as your insurance company. If you have any specific coverage or premium questions, please call your insurance agent or [Takeout Company Name] at [Takeout Company phone number]. For general information, visit our website at [www.website.com] to learn more about us and our commitment to you.

Takeout Company Signature

¹ Estimated renewal premium is based on current rates approved for Citizens and underwriting information currently on file. The estimated premium is provided for informational purposes only. Estimated premium is subject to change and includes all fees and taxes. Estimated premium assumes that there are no changes to your coverage, deductibles, wind mitigation credits, policy fees, surcharges, or future rate filings. All questions related to the Estimated Citizens Renewal Premium should be directed to your insurance agent.

² Estimated renewal premium is based on current rates approved for [Takeout Company Name] and on policy information provided by Citizens. The estimated premium is provided for informational purposes only. Estimated premium is subject to change and includes all fees and taxes. Estimated premium assumes that there are no changes to your coverage, deductibles, wind mitigation credits, policy fees, surcharges, or future rate filings.

Opt Out Form

I am rejecting the assumption offer by [Takeout Company Name] dated [Opt Out Letter Date] and electing to continue my property insurance coverage with Citizens.

I understand and acknowledge that if I remain a Citizens policyholder:

- I may have to pay a special Citizens policyholder surcharge over and above my current policy premium if Citizens sustains significant losses; and
- The reduced coverages now being provided by Citizens are likely less comprehensive than the coverages offered by [Takeout Company Name]; and
- I continue to be subject to required Citizens rate increases; and
- I continue to be subject to additional offers of coverage from other insurers in the future; and
- My Citizens renewal will be submitted through the Property Insurance Clearinghouse to determine whether private market coverage is available.

«Insert Policyholder_NAME1»

«Insert Policyholder_NAME2»

<Insert Citizens Policy Number:>

Insured Signature: _____ Date: _____

To avoid the transfer of your policy, complete and sign the enclosed form and return it to [Takeout Company Name] by [Date #10 on Depop Calendar minus 1 day].

Fax Number: [Fax number]

Mail Address:

[Takeout Company]

[Address]

[City, State, Zip]

Email Address: [TOC opt out email address]

[TOC Abbreviation] YYYY MMDD