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2 An act relating to ownership or transfer of
3 securities; amending s. 628.461, F.S.; revising
4 notice and filing requirements and providing
5 additional grounds for exemption from
6 provisions relating to acquisition of
7 controlling stock; amending s. 628.4615, F.S.;
8 revising notice and filing requirements and
9 providing additional grounds for exemption from
10 provisions relating to acquisition of
11 controlling stock in a specialty insurer;
12 amending s. 628.511, F.S.; revising provisions
13 authorizing domestic insurers' ownership or
14 transfer of certain securities without physical
15 delivery of certificates; amending s. 628.801,
16 F.S.; modifying the reference date of the
17 Insurance Holding Company System Regulatory Act
18 and Insurance Holding Company System Model
19 Regulation of the National Association of
20 Insurance Commissioners; providing an effective
21 date.

22
23 Be It Enacted by the Legislature of the State of Florida:

24
25 Section 1. Subsections (1) and (2) of section 628.461,
26 Florida Statutes, are amended to read:

27 628.461 Acquisition of controlling stock.--

28 (1) ~~A~~ No person may not ~~shall~~, individually or in
29 conjunction with any affiliated person of such person, acquire
30 directly or indirectly, conclude a tender offer or exchange
31 offer for, enter into any agreement to exchange securities

1 for, or otherwise finally acquire 5 percent or more of⁷ the
2 outstanding voting securities of a domestic stock insurer or
3 of a controlling company, unless:

4 (a) The person or affiliated person has filed with the
5 office and sent to the insurer and controlling company a
6 letter of notification regarding the transaction or proposed
7 transaction ~~statement as specified in subsection (3)~~ no later
8 than 5 days after any form of tender offer or exchange offer
9 is proposed, or no later than 5 days after the acquisition of
10 the securities if no tender offer or exchange offer is
11 involved. The notification must be provided on forms
12 prescribed by the commission containing information determined
13 necessary to understand the transaction and identify all
14 purchasers and owners involved; and

15 (b) Has filed with the office a statement as specified
16 in subsection (3). The statement must be completed and filed
17 within 30 days after:

18 1. Any definitive acquisition agreement is entered;

19 2. Any form of tender offer or exchange offer is
20 proposed; or

21 3. The acquisition of the securities, if no definitive
22 acquisition agreement, tender offer, or exchange offer is
23 involved; and

24 ~~(c)(b)~~ The office has approved the tender or exchange
25 offer, or acquisition if no tender offer or exchange offer is
26 involved, and approval is in effect.

27
28 In lieu of a filing as required under this subsection, a party
29 acquiring less than 10 percent of the outstanding voting
30 securities of an insurer may file a disclaimer of affiliation
31 and control. The disclaimer shall fully disclose all material

1 relationships and basis for affiliation between the person and
2 the insurer as well as the basis for disclaiming the
3 affiliation and control. After a disclaimer has been filed,
4 the insurer shall be relieved of any duty to register or
5 report under this section which may arise out of the insurer's
6 relationship with the person unless and until the office
7 disallows the disclaimer. The office shall disallow a
8 disclaimer only after furnishing all parties in interest with
9 notice and opportunity to be heard and after making specific
10 findings of fact to support the disallowance. A filing as
11 required under this subsection must be made as to any
12 acquisition that equals or exceeds 10 percent of the
13 outstanding voting securities.

14 (2) This section does not apply to any acquisition of
15 voting securities of a domestic stock insurer or of a
16 controlling company by any person who, on July 1, 1976, is the
17 owner of a majority of such voting securities or who, on or
18 after July 1, 1976, becomes the owner of a majority of such
19 voting securities with the approval of the office under
20 ~~pursuant to~~ this section. The person or affiliated person
21 filing the notice required by paragraph (1)(a) may request, in
22 writing, the office to waive the requirements of paragraph
23 (1)(b) if there is no change in the ultimate controlling
24 shareholder or ownership percentages of the ultimate
25 controlling shareholders and no unaffiliated parties acquire
26 any direct or indirect interest in the insurer. The office may
27 wave the filing if it determines that in fact there is no
28 change in the ultimate controlling shareholder or ownership
29 percentages of the ultimate controlling shareholders and no
30 unaffiliated parties will acquire any direct or indirect
31 interest in the insurer.

1 Section 2. Subsections (2) and (3) of section
2 628.4615, Florida Statutes, are amended to read:

3 628.4615 Specialty insurers; acquisition of
4 controlling stock, ownership interest, assets, or control;
5 merger or consolidation.--

6 (2) ~~A No~~ person may not shall, individually or in
7 conjunction with any affiliated person of such person,
8 directly or indirectly, conclude a tender offer or exchange
9 offer for, enter into any agreement to exchange securities
10 for, or otherwise finally acquire, 10 percent or more of the
11 outstanding voting securities of a specialty insurer which is
12 a stock corporation or of a controlling company of a specialty
13 insurer which is a stock corporation; or conclude an
14 acquisition of, or otherwise finally acquire, 10 percent or
15 more of the ownership interest of a specialty insurer which is
16 not a stock corporation or of a controlling company of a
17 specialty insurer which is not a stock corporation, unless:

18 (a) The person or affiliated person has filed with the
19 office and sent by registered mail to the principal office of
20 the specialty insurer and controlling company a letter of
21 notification regarding the transaction or proposed transaction
22 ~~an application, signed under oath and prepared on forms~~
23 ~~prescribed by the commission, that contains the information~~
24 ~~specified in subsection (4)~~ no later than 5 days after any
25 form of tender offer or exchange offer is proposed, or no
26 later than 5 days after the acquisition of the securities or
27 ownership interest if no tender offer or exchange offer is
28 involved. The notification must be provided on forms
29 prescribed by the commission containing information determined
30 necessary to understand the transaction and identify all
31 purchasers and owners involved;

1 (b) Has filed with the office an application signed
2 under oath and prepared on forms prescribed by the commission
3 which contains the information specified in subsection (4).
4 The application must be completed and filed within 30 days
5 after any form of tender offer or exchange offer is proposed,
6 or after the acquisition of the securities if no tender offer
7 or exchange offer is involved; and

8 ~~(c)(b)~~ The office has approved the tender offer or
9 exchange offer, or acquisition if no tender offer or exchange
10 offer is involved.

11 (3) This section does not apply to any acquisition of
12 voting securities or ownership interest of a specialty insurer
13 or of a controlling company by any person who, on July 9,
14 1986, is the owner of a majority of such voting securities or
15 ownership interest or who, on or after July 9, 1986, becomes
16 the owner of a majority of such voting securities or ownership
17 interest with the approval of the office under ~~pursuant to~~
18 this section. The person or affiliated person filing the
19 required notice in paragraph (2)(a) may request the office to
20 waive the requirements of paragraph (2)(b) if there is no
21 change in the ultimate controlling shareholder or ownership
22 percentages of the ultimate controlling shareholders and no
23 unaffiliated parties acquire any direct or indirect interest
24 in the specialty insurer. The office may waive the filing if
25 it determines that in fact there is no change in the ultimate
26 controlling shareholder or ownership percentages of the
27 ultimate controlling shareholders and no unaffiliated parties
28 will acquire any direct or indirect interest in the specialty
29 insurer.

30 Section 3. Section 628.511, Florida Statutes, is
31 amended to read:

1 628.511 Ownership or transfer of securities without
2 physical delivery of certificates ~~Book entry accounting~~
3 ~~system.--~~

4 (1) The purpose of this section is to authorize
5 domestic insurers to use ~~utilize~~ modern systems for holding
6 and transferring securities without physical delivery of
7 securities certificates, subject to appropriate rules of the
8 commission.

9 (2) The following terms are defined for use in this
10 section:

11 (a) "Securities" means instruments as defined in s.
12 678.1021.

13 (b) "Clearing corporation" means a clearing
14 corporation as defined in s. 678.1021 and includes the
15 Treasury/Reserve Automated Debt Entry System or Treasury
16 Direct book-entry securities systems as established pursuant
17 to 31 U.S.C. chapter 31, 12 U.S.C. s. 391, and 5 U.S.C. s.
18 301.

19 (c) "Custodian ~~Direct participant~~" means a national
20 bank, state bank, ~~or~~ trust company, broker, or dealer that
21 ~~which maintains an account in its name in a clearing~~
22 ~~corporation and through which an insurance company~~
23 participates in a clearing corporation.

24 ~~(d) "Federal Reserve book entry system" means the~~
25 ~~computerized systems sponsored by the United States Department~~
26 ~~of the Treasury and agencies and instrumentalities of the~~
27 ~~United States for holding and transferring securities of the~~
28 ~~United States Government and such agencies and~~
29 ~~instrumentalities, respectively, in Federal Reserve banks~~
30 ~~through banks which are members of the Federal Reserve System~~
31 ~~or which otherwise have access to such computerized systems.~~

1 ~~(c) "Member bank" means a national bank, state bank or~~
2 ~~trust company which is a member of the Federal Reserve System~~
3 ~~and through which an insurer participates in the Federal~~
4 ~~Reserve book entry system.~~

5 (3) Notwithstanding any other provision of law, a
6 domestic insurer may deposit or arrange for the deposit of
7 securities held in or purchased for its general account and
8 its separate accounts in a clearing corporation ~~or in the~~
9 ~~Federal Reserve book entry system.~~ When securities are
10 deposited with a clearing corporation, certificates
11 representing securities of the same class of the same issuer
12 may be merged and held in bulk in the name of the nominee of
13 such clearing corporation with any other securities deposited
14 with such clearing corporation by any person, regardless of
15 the ownership of such securities, and certificates
16 representing securities of small denominations may be merged
17 into one or more certificates of larger denominations. The
18 records of any custodian bank through which an insurer holds
19 ~~securities in the Federal Reserve book entry system, and the~~
20 ~~records of any custodian banks through which an insurer holds~~
21 ~~securities~~ in a clearing corporation, shall at all times show
22 that such securities are held for such insurer and for which
23 accounts thereof. Ownership of, and other interests in, such
24 securities may be transferred by bookkeeping entry on the
25 books of such clearing corporation ~~or in the Federal Reserve~~
26 ~~book entry system without, in either case,~~ physical delivery
27 of certificates representing such securities.

28 (4) The commission may adopt rules governing the
29 deposit by insurers of securities with clearing corporations
30 ~~and in the Federal Reserve book entry system.~~

31

1 Section 4. Section 628.801, Florida Statutes, is
2 amended to read:

3 628.801 Insurance holding companies; registration;
4 regulation.--Every insurer that ~~which~~ is authorized to do
5 business in this state and that ~~which~~ is a member of an
6 insurance holding company shall register with the office and
7 be subject to regulation with respect to its relationship to
8 the ~~such~~ holding company as provided by rule or statute. The
9 commission shall adopt rules establishing the information and
10 form required for registration and the manner in which
11 registered insurers and their affiliates are ~~shall be~~
12 regulated. The rules ~~shall~~ apply to domestic insurers, foreign
13 insurers, and commercially domiciled insurers, except for a
14 foreign insurer domiciled in states that are accredited by the
15 National Association of Insurance Commissioners by December
16 31, 1995. Except to the extent of any conflict with this code,
17 the rules must include all requirements and standards of ss. 4
18 and 5 of the Insurance Holding Company System Regulatory Act
19 and the Insurance Holding Company System Model Regulation of
20 the National Association of Insurance Commissioners, as the
21 Regulatory Act and the Model Regulation existed on November
22 30, 2001 ~~January 1, 1997~~, and may include a prohibition on
23 oral contracts between affiliated entities. Upon request, the
24 office may waive filing requirements under this section for a
25 domestic insurer that is the subsidiary of an insurer that is
26 in full compliance with the insurance holding company
27 registration laws of its state of domicile, which state is
28 accredited by the National Association of Insurance
29 Commissioners.

30 Section 5. This act shall take effect upon becoming a
31 law.