

# Executive Summary

Actuarial & Underwriting Committee Meeting, December 6, 2016

Board of Governors Meeting, December 7, 2016

## Product Changes – Residences Held in Trust (Personal Lines)

### History

Requests for insurance for properties held in trust are becoming more prevalent. Staff has identified the need to update rules, forms and procedures to ensure appropriate coverage and consistent underwriting for these properties.

Staff has completed market research and legal analysis to determine necessary coverage forms and policy eligibility. As a result, staff recommends providing coverage for trusts and trustees under a new “Trust Endorsement” and to revise specific rules and procedures pertaining to the handling of residences held in trust.

### Research and Proposal

Research of numerous Florida private market insurers indicates that many insurers allow coverage for trustees and trusts through the attachment of the Insurance Services Office (ISO) “Additional Insured” endorsement. Two carriers use ISO’s alternative “Trust Endorsement”, which functions similarly to our current Additional Insured endorsement, but includes additional provisions specifically addressing exposures unique to trusts and trustees

Staff has completed analysis and extensive legal research and has determined that the more detailed approach in the ISO Trust Endorsement is appropriate because it places more stringent notification requirements on the policyholder. This endorsement also includes language limiting liability coverage for trustees to provide coverage only when acting in the capacity of trustee.

Underwriting eligibility guidelines and submission requirements are necessary to:

- ensure that the appropriate policy forms are used
- provide guidance on how named insured and additional insureds should be described
- obtain necessary information to confirm trust eligibility

### Recommendation

Citizens’ Staff recommends the Actuarial & Underwriting Committee approve and recommend that the Board:

- a) Approve the above proposal to modify the underwriting rules and submission requirements to establish uniform underwriting treatment of residences held in trust; and
- b) Approve the adoption of the new “Trust Endorsement”; and
- c) Authorize staff to take any appropriate or necessary action consistent with this Action Item to include filing with the Office of Insurance Regulation (OIR), system change implementations, development of necessary forms and other supporting activities.