

February 4, 2025

**Via Online Shareholder Proposal Form**

U.S. Securities and Exchange Commission  
Division of Corporation Finance  
Office of Chief Counsel  
100 F Street, NE Washington, DC 20549

Re: **Heritage Insurance Holdings, Inc.**  
**Exclusion of Shareholder Proposal by Chris Mueller**

Ladies and Gentlemen:

We are writing on behalf of our client, Heritage Insurance Holdings, Inc. (the “Company”), to inform you of the Company’s intention to exclude from its proxy statement and proxy to be filed and distributed in connection with its 2025 Annual Meeting of Stockholders (the “Proxy Materials”), the enclosed shareholder proposal and supporting statement (the “Proposal”) submitted by Chris Mueller (the “Proponent”) requesting that the Company demand certain disclosures from the Company’s transfer agent for the benefit of the Company’s registered stockholders.

The Company respectfully requests that the staff of the Division of Corporation Finance (the “Staff”) of the U.S. Securities and Exchange Commission (the “Commission”) advise the Company that it will not recommend any enforcement action to the Commission if the Company excludes the Proposal from its Proxy Materials for the reason discussed below.

Pursuant to Rule 14a-8(j) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Staff Legal Bulletin No. 14D (November 7, 2008) (“SLB 14D”), we are submitting electronically to the Commission this letter and the Proposal (attached as Exhibit A to this letter) not less than 80 days before the Company intends to file its Proxy Materials and are concurrently sending a copy to the Proponent.

**The Proposal**

The Company received the below Proposal from the Proponent, which states in relevant part as follows:

My proposal: Heritage Insurance should demand additional disclosures from our transfer agent for the benefit of our registered holders including:

**Greenberg Traurig, P.A. | Attorneys at Law**

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- 1) Providing an update regarding alleged arbitrage opportunities that may be enabled through recurring DirectStock Plan purchases.
- 2) Disclosing how investor's registered shares used for "operational efficiency" (which title is legally owned by Cede & Co.) are protected (or insured). According to section 15 of our investment plan, securities held in DirectStock accounts are not insured.
- 3) Disclosing how Computershare determines what percentage of aggregate DSPP shares are held at DTC for operational efficiency.
- 4) Disclosing specifically why certificated shares (that are enrolled in DirectStock Plan) can not be held at DTC for operational efficiency.

## **Background**

The Company's deadline to receive shareholder proposals for inclusion in the Proxy Materials was December 26, 2024 (the "Proposal Deadline"). The Company disclosed this deadline on page 40 of its proxy statement for the 2024 Annual Meeting of Stockholders.

On or about January 27, 2025,<sup>1</sup> the Company received the Proposal. The Proposal was therefore received approximately 32 days after the Proposal Deadline.

## **Bases for Exclusion**

The Company believes that the Proposal may be properly omitted from the Proxy Materials pursuant to:

- Rule 14a-8(e)(2) because the Company did not receive the Proposal from the Proponent at its principal executive offices by the Proposal Deadline; or
- Rule 14a-8(i)(7) because the Proposal deals with a matter relating to the Company's ordinary business operations.

It is unclear from the correspondence received from the Proponent whether the Proponent intended to submit the Proposal under Rule 14a-8. The Staff has previously concurred in other requests to exclude proposals from proxy materials to the extent they involved Rule 14a-8, in particular Rule 14a-8(e)(2). See, e.g., Orbital Infrastructure Group, Inc. (f/k/a CUI Global, Inc.) (August 25, 2015); RBC Life Sciences (June 22, 2015); International Business Machines Corporation (January 30, 2012). Therefore, to the extent that the Proposal was submitted under Rule 14a-8, the Company requests that the Staff concur that the Company can exclude the Proposal from the Proxy Materials under Rule 14a-8(e)(2) or Rule 14a-8(i)(7).

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<sup>1</sup> This date of receipt, on or about January 27, 2025 is based on when the Company's personnel received it. The Proposal itself is dated January 6, 2025. Each of these dates is past the Proposal Deadline.

***The Proposal may be excluded under Rule 14a-8(e) because the Company did not receive the Proposal from the Proponent until after the Proposal Deadline.***

Rule 14a-8(e)(2) provides, in part, that for a regularly scheduled annual meeting, “[t]he proposal must be received at the company’s principal executive offices not less than 120 calendar days before the date of the company’s proxy statement released to shareholders in connection with the previous year’s annual meeting.” The deadline for receiving shareholder proposals for inclusion in the Proxy Materials was December 26, 2024, as calculated by the Company in accordance with Staff guidance set forth in Section C.3.b of *Staff Legal Bulletin No. 14* (July 13, 2001) (“SLB 14”). The Company disclosed this Proposal Deadline in its Proxy Statement for the 2024 Annual Meeting of Stockholders, as required by Item 1(c) of Schedule 14A and Rule 14a-5(e)(1) under the Exchange Act.

Consequently, for the Proponent’s submission to be timely, the Company needed to receive the Proposal from the Proponent on or before the Proposal Deadline. As noted above and as shown in Exhibit A, the Proposal was not only received by the Company approximately 32 days after the Proposal Deadline, but it was also dated by the Proponent as of January 6, 2025, 11 days after the Proposal Deadline.

The Company did not provide the Proponent with a notice of deficiency per Rule 14a-8(f), which provides that a notice is not required “if the deficiency cannot be remedied, such as if [a proponent] fail[s] to submit a proposal by the company’s properly determined deadline.” See also SLB 14 (“[A] company does not need to provide [a] shareholder with a notice of defect(s) if the defect(s) cannot be remedied . . . [which] would apply, for example, if . . . the shareholder failed to submit a proposal by the company’s properly determined deadline”).

The Staff made clear in SLB 14 and in subsequent no-action responses that it strictly construes the deadline for shareholder proposals under Rule 14a-8, permitting companies to exclude from their proxy materials those proposals received at a company’s principal executive offices on any date after the deadline. See, e.g., GameStop Corp. (April 24, 2024) (proposal received 61 days after the company’s deadline); CTS Corp. (March 22, 2024) (proposal received six days after the company’s deadline); The PNC Financial Services Group, Inc. (February 20, 2024) (proposal received one day after the company’s deadline); Hewlett Packard Enterprise Co. (January 4, 2024) (proposal received five days after the company’s deadline); and Dow Inc. (February 15, 2022) (proposal received several minutes after the close of business on the date of the company’s deadline). The Staff has also emphasized this point in SLB 14 by advising, “[t]o avoid exclusion on the basis of untimeliness, a shareholder should submit his or her proposal well in advance of the deadline. . . .”

Additionally, within the last year, the Staff has concurred in the exclusion under Rule 14a-8(e) of eleven proposals submitted by the Proponent to various companies. See Apple Inc. (January 2, 2025) (proposal received 45 days after the company’s deadline); Leslie’s, Inc. (January 9, 2025) (proposal received 32 days after the company’s deadline); Enviri Corporation (January 9, 2025) (proposal received 27 days after the company’s deadline); The Walt Disney Company (January 9, 2025) (proposal received 25 days after the company’s deadline); Anywhere Real Estate Inc. (January 18, 2025) (proposal received 13 days after the company’s deadline); AMC Entertainment Holdings, Inc. (April 23, 2024) (proposal received 31 days after the company’s deadline); Big 5 Sporting Goods Corp. (April 18, 2024) (proposal received 40 days after the company’s deadline); Ares Commercial

Real Estate Corp. (April 4, 2024) (proposal received 62 days after the company's deadline); Conduent Inc. (March 29, 2024) (proposal received 51 days after the company's deadline); Braemar Hotels & Resorts Inc. (March 26, 2024) (proposal received 71 days after the company's deadline); and Anywhere Real Estate Inc. (March 19, 2024) (proposal received 81 days after the company's deadline).

Consistent with the Staff's approach in the above letters, the Company believes it may exclude the Proposal in reliance on Rule 14a-8(e), as the Company did not receive the Proposal from the Proponent until on or about January 27, 2025, approximately 32 days after the Proposal Deadline.

***The Proposal May Be Excluded from the Company's 2024 Proxy Materials Pursuant to Rule 14a-8(i)(7) Because It Relates to the Company's Ordinary Business Operations.***

Rule 14a-8(i)(7) permits a company to exclude a shareholder proposal if the proposal "deals with a matter relating to the company's ordinary business operations." The underlying policy of the ordinary business exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting." SEC Release No. 34-40018 (May 21, 1998) (the "1998 Release"). As set out in the 1998 Release, there are two "central considerations" underlying the ordinary business exclusion. One consideration is that "[c]ertain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." The other consideration is that a proposal should not "seek to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." The Proposal implicates both of these considerations.

The Proposal may be excluded pursuant to Rule 14a-8(i)(7) because it relates to the Company's direct stock purchase plan offered through its transfer agent Computershare (the "DirectStock Plan"). The Proposal requests that the Company demand additional disclosures related to the DirectStock Plan. The decision to offer a direct stock purchase plan involves a broad range of business considerations, such as timing, cost, ease of administration, availability of alternatives and contractual obligations. None of these considerations, let alone the interaction among them, is appropriate for direct oversight by shareholders who lack the requisite day-to-day familiarity with the business. Were such decisions subject to direct shareholder oversight, the Company would be significantly hindered in its day-to-day operations.

In addition to interfering with management's day-to-day operations, the Proposal also seeks to "micro-manage" the Company. Specifically, the Proposal instructs the Company to demand that Computershare, a third-party service provider, provide certain disclosures related to its DirectStock Plan, which is a service Computershare provides to many public companies, including disclosures with respect to how registered shares purchased through the plan are held or titled. Determinations about how to manage a stock purchase plan are inherently complex, and shareholders as a group are not in an appropriate position to make informed decisions on such determinations because such determinations require analysis of costs, benefits, management of activity, and numerous other considerations. Moreover, in general, the management of the Company's transfer agent is the responsibility of the Company's management, not its stockholders. The Staff has previously

recognized that decisions concerning a company's relationships with vendors are matters of ordinary business and are not to be micromanaged by shareholders. See, e.g., Alaska AirGroup, Inc. (March 8, 2010) (concurring with Rule 14a-8(i)(7) exclusion of a proposal requesting a report on contract repair facilities finding that a proposal regarding "decisions relating to vendor relationships are generally excludable under rule 14a-8(i)(7)"); Continental Airlines, Inc. (March 25, 2009) (same).

The Proposal also does not involve a significant policy issue. As set out in the 1998 Release, proposals "focusing on sufficiently significant social policy issues (e.g., significant discrimination matters) generally would not be considered to be excludable [under Rule 14a-8(i)(7)], because the proposals would transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote." Accordingly, and as is appropriate, an issue must meet certain standards to be deemed a significant policy issue. In determining whether an issue should be deemed a significant policy issue, the Staff considers whether the issue has been the subject of widespread and/or sustained public debate. The issue of whether the Company should demand disclosures related to a direct stock purchase plan, including how registered shares purchased through the plan are held or titled, do not meet this standard, as the Company is not aware of any widespread or sustained public debate regarding this issue.

Accordingly, we believe that the Proposal may be excluded from the 2024 Proxy Materials pursuant to Rule 14a-8(i)(7).

## **Conclusion**

For the foregoing reasons, we respectfully request that the Staff, consistent with its prior no-action letters, concur that it will take no action if the Company excludes the Proposal from its Proxy Materials pursuant to Rule 14a-8(e) or Rule 14a-8(i)(7), on the basis that the Proposal was received after the deadline for receipt of shareholder proposals or on the basis that the Proposal deals with a matter relating to the Company's ordinary business operations.

If the Staff has any questions with respect to the foregoing, or if for any reason the Staff does not agree that the Company may exclude the Proposal from its Proxy Materials, please do not hesitate to contact me at [perezf@gtlaw.com](mailto:perezf@gtlaw.com) or (954) 768-8210. In addition, should the Proponent choose to submit any response or other correspondence to the Commission, we request that the Proponent concurrently submit that response or other correspondence to the Company, as required pursuant to Rule 14a-8(k) and SLB 14D, and copy the undersigned

Best regards,

/s/ Flora R. Perez  
Flora R. Perez

cc: Kirk Lusk – Chief Financial Officer, Heritage Insurance Holdings, Inc.  
Chris Mueller

Enclosures

**EXHIBIT A**

**Shareholder Proposal**

*(see attached)*

January 6, 2025

Heritage Insurance  
1401 N. Westshore Blvd  
Tampa, FL 33607

Members of the Board,

My name is Chris Mueller, and I would like to submit a shareholder proposal for the 2025 annual shareholder meeting. I am an individual investor with a registered ownership position. I intend to hold my position through the 2025 annual shareholder meeting. I can meet with the board to discuss my proposal at any time.

I also submitted a shareholder proposal for the 2024 meeting. My proposal included a reference to the arbitrage exposure that allegedly occurs with recurring purchases made through Computershare's DirectStock Plan. It has been 11 months since I submitted my proposal, and Computershare has not provided an update. According to the FAQ page on Computershare's website:

*"We are looking into the concern from investors about the predictable schedule DirectStock Plan open market purchases open up arbitrage opportunities. The orders are being executed on exchanges and there is a concern being raised that third parties can anticipate an order arriving in the market."*

**My proposal: Heritage Insurance should demand additional disclosures from our transfer agent for the benefit of our registered holders including:**

- 1) Providing an update regarding alleged arbitrage opportunities that may be enabled through recurring DirectStock Plan purchases.**
- 2) Disclosing how investor's registered shares used for "operational efficiency" (which title is legally owned by Cede & Co.) are protected (or insured). According to section 15 of our investment plan, securities held in DirectStock accounts are not insured.**
- 3) Disclosing how Computershare determines what percentage of aggregate DSPP shares are held at DTC for operational efficiency.**
- 4) Disclosing specifically why certificated shares (that are enrolled in DirectStock Plan) can not be held at DTC for operational efficiency.**

It is important to note that last year the SEC updated the "holding your securities" page on their website. Unfortunately, the bulletin is missing an important disclosure. The bulletin states that securities purchased through the transfer agent are not DRS and must be moved from "the issuer plan" to become DRS form. **What is missing, however, is a disclosure stating that when book-entry DRS form shares are enrolled in "the issuer plan" that the title to the shares is no longer owned by the investor.**

Our investors deserve to know who owns the title to "their" securities, and how their investment may or may not be protected or insured. Without the disclosures listed above, our investors do not have the necessary information to make the best decisions for holding their investments.

I believe that our company may have a fiduciary responsibility to provide answers to the concerns above. A hypothetical custodial insolvency could negatively affect our shareholders which could

negatively affect our company. Please demand the disclosures above that Computershare and the SEC have not provided to help protect our investors and our company.

I would prefer correspondence through email to limit the resource expenditure necessary for responding to my proposal.

Thank you,



Chris Mueller

PII

