



**THE STATE OF FLORIDA**  
**FINANCIAL SERVICES COMMISSION**  
**OFFICE OF INSURANCE REGULATION**  
**MARKET INVESTIGATIONS**

**MARKET CONDUCT FINAL EXAMINATION REPORT**  
**OF**  
**ALLIANCE COMMUNITY FOR RETIREMENT LIVING, INC.**  
**AS OF**

**June 30, 2012**

**FLORIDA COMPANY CODE 88010**

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**EXECUTIVE SUMMARY**

Pursuant to the provisions of Section 651.105, Florida Statutes, an examination was conducted of the books, records, and affairs of Alliance Community for Retirement Living, Inc. The scope period of the examination was July 1, 2009 through June 30, 2012. The following table represents general findings; however, specific details are found in each section of the report.

**TABLE OF TOTAL VIOLATIONS**

<b>Statute or Rule Cite</b>	<b>Description</b>	<b>Total Files (for scope period)</b>	<b>Files Reviewed</b>	<b>Number of Violations</b>
Section 651.055(2), Florida Statutes	Alliance Community for Retirement Living failed to timely deposit resident funds into escrow or to maintain the funds in escrow for the rescission period of the contract.	30	30	3
Section 651.055(4), Florida Statutes	Alliance Community for Retirement Living failed to timely provide the prospective resident or their legal representative, a copy of the continuing care contract prior to the transfer of assets to the provider.	30	30	7
Section 651.091(3), Florida Statutes	Alliance Community for Retirement Living failed to timely provide to a prospective resident or their representative required disclosure documents.	30	30	1
Section 651.091(3)(h), Florida Statutes	Alliance Community for Retirement Living failed to provide prospective residents or their legal representatives who executed a continuing care contract after July 1, 2010, a copy of Section 651.071, Florida Statutes.	30	30	15

## **PURPOSE AND SCOPE OF EXAMINATION**

The Office of Insurance Regulation (“Office”), Market Investigations unit, conducted a routine market conduct examination of Alliance Community for Retirement Living, Inc. pursuant to Section 651.105, Florida Statutes. The scope period of this examination was July 1, 2009 through June 30, 2012.

The objective of the examination was to determine the extent of compliance with the provisions of Chapter 651, Florida Statutes and Chapter 690-193, Florida Administrative Code Rules. This market conduct examination did not encompass a financial compliance examination.

This Final Report is based upon information from the examiner’s draft report, additional research conducted by the Office, and additional information provided by Alliance Community for Retirement Living. This report is a report by exception, and the information within has been limited to identification of exceptions, errors or unusual problems noted during the examination.

## **COMPANY OPERATIONS**

Alliance Community for Retirement Living, a Florida not-for-profit corporation, was granted a certificate of authority by the Office to offer continuing care contracts on March 31, 1980. Alliance Community for Retirement Living is affiliated with another Florida Continuing Care Retirement Community namely, The Christian & Missionary Alliance Foundation, Inc. As of June 30, 2012, Alliance Community for Retirement Living reported 126 Continuing Care Units, of which 106 were Independent Living Units and 20 Assisted Living Units. Nine Rental Units were also reported along with 130 Skilled Nursing Units of which, 120 were classified as Community Beds and 10 classified as Sheltered Beds. As of the same reporting date, there were 260 individuals residing at this community. Of the 260 individuals, 145 were residing under Continuing Care Contracts; 106 were Non-CCRC patients in Skilled Nursing and 9 were residing under rental agreements.

## **REQUIRED ESCROW DEPOSITS OR WAIVERS**

For continuing care contracts executed on or after July 1, 2010, Section 651.055(2), Florida Statutes, provides that during the seven-day rescission period, the resident’s funds must be held in escrow unless otherwise requested by the resident, pursuant to Section 651.033(3)(c), Florida Statutes. Section 651.033(3)(c), Florida Statutes, further provides that, at the request of an individual resident of a facility, the provider may hold the check for the seven-day period and shall not deposit it during this time period. Of the 30 contracts tested, 16 were executed on or after July 1, 2010. These 16 transactions were tested for compliance with Section 651.055(2), Florida Statutes.

## **REQUIRED ESCROW DEPOSITS OR WAIVERS (Continued)**

### **Findings:**

**In three instances, Alliance Community for Retirement Living failed to timely deposit resident funds in escrow or, to maintain resident funds in escrow for the seven-day rescission period of the continuing care contract.** Specifically, in the first instance the funds were not deposited into the escrow account until after the seven-day rescission period had expired. In the remaining two instances, the funds were deposited into the escrow account, but did not remain in escrow for the entire seven-day rescission period.

**Recommendation:** The Office recommends that Alliance Community for Retirement Living establish adequate procedures to ensure that resident funds are timely deposited into the escrow account and remain in escrow for the entire seven-day rescission period, as required by Section 651.055(2), Florida Statutes.

## **REQUIRED DISCLOSURES**

Alliance Community for Retirement Living provided a list containing 30 continuing care contracts executed during the scope period of the examination. All 30 transactions were tested for compliance with Sections 651.055(4) and 651.091(3), Florida Statutes.

### **Findings:**

Section 651.055(4), Florida Statutes, provides in pertinent part that before the transfer of any money or other property to a provider by or on behalf of a prospective resident, the provider shall present a copy of the contract to the prospective resident and all other parties to the contract. The statute further provides that the provider secure a signed and dated statement from each party to the contract certifying that a copy of the contract with the specified attachments was received.

1. **In seven instances, Alliance Community for Retirement Living failed to timely provide all parties to the contract a copy of the contract; and to secure a signed and dated statement from each party to the contract, certifying that a copy of the contract was received prior to the transfer of assets to the provider, as required by Section 651.055(4), Florida Statutes.**

- 1a. **Recommendation:** The Office recommends that Alliance Community for Retirement Living establish adequate procedures to ensure a signed and dated statement is secured from each party to the contract, certifying that a copy of the contract was properly received.

## REQUIRED DISCLOSURES (Continued)

### Findings:

Section 651.091(3), Florida Statutes, provides in pertinent part that before entering into a contract to furnish continuing care, the provider undertaking to furnish the care, or the agent of the provider, shall make full disclosure, and provide copies of the specific disclosure documents to the prospective resident or his or her legal representative.

2. **In one instance, Alliance Community for Retirement Living failed to timely deliver to the prospective resident or their legal representative the disclosure documents, as required by Section 651.091(3), Florida Statutes.** The examination revealed that the required disclosure documents were delivered after the date the prospective resident executed the continuing care contract.
- 2a. **Recommendation:** The Office recommends that Alliance Community for Retirement Living establish adequate procedures to ensure all prospective residents and/or their legal representatives are provided the required disclosure documents prior to entering into a continuing care contract, and obtain documentation to substantiate compliance.

### Findings:

In addition, effective July 1, 2010, Section 651.091(3)(h), Florida Statutes, required the provider to include as a required disclosure document, a copy of Section 651.071, Florida Statutes, entitled "Contracts as preferred claims on liquidation or receivership." Of the 30 contracts in the sample, 16 contracts were executed on or after July 1, 2010. All 16 transactions were reviewed to determine compliance with disclosure requirements of Section 651.091(3)(h), Florida Statute.

3. **There were 15 instances where Alliance Community for Retirement Living failed to provide as a required disclosure, a copy of Section 651.071, Florida Statutes, entitled "Contracts as preferred claims on liquidation or receivership", to the prospective residents or their legal representative, as required by Section 651.091(3)(h), Florida Statutes.**
- 3a. **Recommendation:** The Office recommends that Alliance Community for Retirement Living establish adequate procedures to ensure all required disclosures are properly provided to prospective residents or their legal representatives. The Office further recommends that a true and complete copy of the full disclosure document to be used is filed with the Office before use, as required by Section 651.091(4), Florida Statutes.

**EXAMINATION FINAL REPORT SUBMISSION**

The Office hereby issues this Final Report based upon information from the examiner's draft report, additional research conducted by the Office, and additional information provided by Alliance Community for Retirement Living.