



THE STATE OF FLORIDA

OFFICE OF INSURANCE REGULATION MARKET INVESTIGATIONS

MARKET CONDUCT FINAL EXAMINATION REPORT

OF

FREEDOM VILLAGE OF SUN CITY CENTER, Ltd.

D/B/A

FREEDOM PLAZA

AS OF

December 31, 2012

FLORIDA COMPANY CODE 88163

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PURPOSE AND SCOPE OF EXAMINATION

The Office of Insurance Regulation (“Office”), Market Investigations unit, conducted a routine market conduct examination of Freedom Village of Sun City Center, Ltd. d/b/a Freedom Plaza (hereinafter “Freedom Plaza”) pursuant to Section 651.105, Florida Statutes. The scope period of this examination was January 1, 2009 through December 31, 2012. The onsite and desk examination procedures were completed on June 25, 2013.

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 Freedom Plaza. 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

Freedom Village of Sun City Center, Ltd is a Florida Limited Partnership doing business as Freedom Plaza. Freedom Plaza is a Continuing Care Retirement Community located in Sun City Center, Florida and was issued a Certificate of Authority on November 1, 1991. Freedom Plaza is operating under a management agreement with ARC Management, LLC, which is affiliated with Freedom Plaza through common ownership. Freedom Plaza is one of several Florida Continuing Care Retirement Communities owned by Brookdale Senior Living, Inc.

As of December 31, 2012, Freedom Plaza reported 445 Continuing Care Units, of which 421 were Independent Living Units and 24 were Assisted Living Units. There were no Rental Units reported. In addition, there were 113 Skilled Nursing Units reported, all of which were classified as Community Beds. As of the same reporting period, there were 627 individuals residing at this community.

FORMS

Effective July 1, 2011, Section 651.022(2)(g), Florida Statutes was amended to require wait list contract forms to be approved by the Office. Freedom Plaza provided a list containing the 21 wait list fees collected during the scope period. Of the 21 wait list contracts, only one was executed after July 1, 2011; this contract was examined and tested for compliance with Section 651.022(2)(g), Florida Statutes.

FORMS (continued)

Findings:

1. **Freedom Plaza utilized a wait list agreement form that was not approved by the Office, in violation of Section 651.022(2)(g), Florida Statutes.** Specifically, the wait list agreement was executed on an unapproved form on September 13, 2011 - two months after the July 1, 2011 effective date requiring wait list agreements to be approved.
 - 1a. **Recommendation:** The Office recommends Freedom Plaza establish internal controls and procedures to ensure that forms requiring statutory approval by the Office, to include wait list agreements, have been approved prior to being used.

Findings:

Section 651.055(1), Florida Statutes, provides that each continuing care contract and each addendum to such contract shall be submitted to and approved by the Office before its use in this state. Freedom Plaza provided a list containing the 153 continuing care contracts executed during the scope period. A sample consisting of 59 contracts was selected and tested for compliance with Section 651.055 (1), Florida Statutes.

2. **In two instances, Freedom Plaza utilized two separate forms that were not approved by the Office, in violation of Section 651.055(1), Florida Statutes.** In the first instance, an unapproved continuing care contract form was used. In the second instance, a previously-approved addendum to continuing care contracts titled, "Zero Refund" was revised and used without Office approval for use of the revised form.
 - 2a. **Recommendation:** The Office recommends Freedom Plaza establish internal controls and procedures to ensure that forms that require statutory approval by the Office have been approved prior to being used.

CANCELLATION REFUNDS

Freedom Plaza provided a list of 168 continuing care contracts cancelled during the scope period of the examination. A sample consisting of 60 contract cancellations was examined to verify the amount of the refund due and whether refunds were properly issued. Of the 60 contract cancellations examined, 49 were eligible for refunds.

Findings:

Section 651.055(1)(h), Florida Statutes, provides that each continuing care contract state the terms under which a contract is canceled by the death of a resident.

CANCELLATION REFUNDS (Continued)

In 16 instances, Freedom Plaza failed to issue refunds within the time frame specified by the terms of the underlying continuing care contract, as required by Section 651.055(1)(h), Florida Statutes. All 16 refunds were attributed to the cancellation of the continuing care contracts due to the deaths of the residents. The corresponding refund terms of each of the contracts stipulate that such refunds are to be paid within 120 days of the cancellation of the contracts (i.e. death of the resident). The 16 refunds were paid from 3 days to 376 days after the 120-day refund issuance period stated in the contract had lapsed.

Recommendation: The Office recommends Freedom Plaza establish internal controls and procedures to ensure applicable refunds are issued in accordance with the provisions of Chapter 651 and the underlying approved continuing care contracts and related forms.

QUARTERLY MEETINGS WITH RESIDENTS

The quarterly meeting agendas, notices to residents, minutes, and the dates of the meetings contained in the annual reports filed for the scope period were reviewed for compliance with Section 651.085, Florida Statutes.

Findings:

Section 651.085(1), Florida Statutes, provides that a facility shall report to the Office, in the annual report, the dates on which quarterly meetings with residents are held.

Freedom Plaza failed to accurately state in the 2009, 2010 and 2011 annual reports filed with the Office, the dates on which several quarterly meetings with residents were held, as required by Section 651.085(1), Florida Statutes. Specifically, Freedom Plaza inaccurately responded to item 14b of the annual reports filed for the years 2009, 2010 and 2011, by stating that quarterly meetings were held on dates other than the actual meeting dates.

Recommendation: The Office recommends Freedom Plaza establish adequate procedures to ensure that the actual dates on which quarterly meetings with residents are held are properly reported in the annual reports filed with the Office.

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 Freedom Plaza.