



THE STATE OF FLORIDA

OFFICE OF INSURANCE REGULATION MARKET INVESTIGATIONS

MARKET CONDUCT FINAL EXAMINATION REPORT

OF

THE GLENRIDGE ON PALMER RANCH, INC.

AS OF

December 31, 2011

FLORIDA COMPANY CODE 88171

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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 The Glenridge On Palmer Ranch, Inc. (hereinafter "Glenridge"). The scope period of the examination was January 1, 2008 through December 31, 2011. The following table represents general findings; however, specific details are found in each section of the report.

TABLE OF TOTAL VIOLATIONS

Statute or Rule Cite	Description	Total Files (for scope period)	Files Reviewed	Number of Violations
Section 651.055(1)(g)2, Florida Statutes	Glenridge failed to issue a refund within 120 days of the resident's notice of cancellation.	53	34	1
Section 651.055(2), Florida Statutes	During the seven day contract rescission period Glenridge failed to deposit the resident's funds into an escrow account or obtain authorization from the resident to hold and not deposit the check.	112	17	17
Section 651.105(1), Florida Statutes	Glenridge failed to provide for examination adequate and sufficient records pertaining to disclosure documents, cancellations, and waiting list deposits.	217	97	5
Section 651.026(2)(a), Florida Statutes	Glenridge revised its by-laws and failed to notify the Office of the amendment.	N/A	N/A	1

PURPOSE AND SCOPE OF EXAMINATION

The Office of Insurance Regulation (Office), Market Investigations unit, conducted a routine market conduct examination of The Glenridge On Palmer Ranch, Inc. ("Glenridge") pursuant to Section 651.105, Florida Statutes. The scope period of this examination was January 1, 2008 through December 31, 2011.

The objective of the examination was to determine the extent of compliance with the provisions of Chapter 651, Florida Statutes and Chapter 69O-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 Glenridge. 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

Glenridge, a not-for-profit Florida Corporation, was granted a certificate of authority by the Office to offer continuing care contracts on December 6, 2001. Glenridge is located in Sarasota, Florida. As of December 31, 2011, Glenridge reported: 352 continuing care units that consisted of 306 independent living units and 46 assisted living units. Glenridge also reported 37 skilled nursing units, all of which were categorized as sheltered beds; and three rental units. As of that date, there were 485 individuals reported residing at this facility

CANCELLATIONS AND REFUNDS

Glenridge provided a list of 53 continuing care contracts that were cancelled during the scope period of the examination. A sample of 34 contract cancellations were examined to verify the amount of the refund paid, if any, and whether refunds were properly issued. Each of the 34 cancellations examined was eligible for a refund of the entrance fee.

Findings:

Section 651.055(1), Florida Statutes requires in part that certain provisions be included in a continuing care contract and that each continuing care contract and each addendum to such contract be approved by the Office prior to its use in this state. Section 651.055(1)(g)2, Florida Statutes, further requires the refund for a continuing care contract in which the resident does not receive a transferable membership or ownership right in the facility, and has occupied his or her unit, be paid no later than 120 days after giving the notice of intention to cancel.

CANCELLATIONS AND REFUNDS (Continued)

In one instance, Glenridge failed to timely issue a refund within 120 days after the delivery of a resident's notice of cancellation, in violation of Section 651.055(1)(g)2, Florida Statutes. The refund was in the correct amount, however, it was issued 80 days late or, 200 days after the notice of cancellation was delivered by the resident.

Recommendation: The Office recommends Glenridge establish adequate procedures to ensure applicable refunds are issued within statutorily required timeframes.

REQUIRED ESCROW DEPOSITS OR WAIVERS

Glenridge provided a list containing the 112 continuing care contracts executed during the scope period of the examination. A random sample consisting of 52 contracts was selected from the list. Of the 52 contracts in the sample, 17 contracts were executed on or after July 1, 2010. The 17 contracts were tested for compliance with Section 651.055(2), Florida Statutes.

Findings:

Section 651.055(2), Florida Statutes, provides that a resident has a right to rescind a continuing care contract and receive a full refund of any funds paid, without penalty or forfeiture, within seven days after executing the contract. 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 s. 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.

There were 17 instances where Glenridge failed to deposit resident funds into an escrow account for the seven-day rescission period of the contract or obtain authorization from the resident to hold and not deposit the check for the seven-day period. Specifically, the funds paid by residents related to the 17 continuing care contracts executed on or after July 1, 2010 were not deposited into escrow. Moreover, none of the 17 residents requested that Glenridge hold the funds in lieu of depositing the funds into the escrow account.

Recommendation: The Office recommends Glenridge establish adequate procedures to document resident funds are managed in accordance with Section 651.055(2), Florida Statutes.

ACCESS TO RECORDS

Records necessary to conduct the examination and determine the degree of compliance with Chapter 651, Florida Statutes and Rule 690-193, Florida Administrative code were requested from Glenridge in accordance with Section 651.105, Florida Statutes.

ACCESS TO RECORDS (Continued)

Findings:

In five instances Glenridge failed to make available for examination documents pertaining to disclosure documents, cancellations of continuing care contracts, and waiting list deposits, a violation of Section 651.105(1), Florida Statutes. Specifically, in one instance, documentation to substantiate proper delivery of the disclosure documents was missing or inadequate; consequently, the Office was unable to ascertain the degree of compliance with section 651.091(3), Florida Statutes. Further, proper documentation pertaining to the cancelation of three continuing care contracts was missing; as such, the Office was unable to ascertain the degree of compliance with cancellation and refund provisions required by section 651.055(1), Florida Statutes. Finally, there was one instance where documents pertaining to one waiting list deposit were missing; therefore, the Office was unable to ascertain the degree of compliance with the waiting list deposit provisions stipulated by section 651.033(4), Florida Statutes and Rule 690-193.018, Florida Administrative Code.

Recommendation: In order for the Office to determine the degree of compliance with Chapter 651, Florida Statutes and Rule 690-193, Florida Administrative Code, the Office recommends Glenridge establish procedures to ensure complete and adequate records are properly maintained and made accessible to the Office, as required by Section 651.105, Florida Statutes.

AMENDED BY-LAWS

Minutes from the Board of Directors meetings held during the scope period were reviewed for items of significance and which require notification to the Office.

Findings:

Section 651.026, Florida Statutes sets forth the requirements for the filing and content of annual reports to be submitted to the Office by Providers. Section 651.026(2)(a), Florida Statutes provides in pertinent part that the annual report shall contain any change of status with respect to the information required to be filed under Section 651.022(2), Florida Statutes. Section 651.022(2)(a), Florida Statutes addresses organizational documents, to include by-laws.

Glenridge amended its by-laws at the November 3, 2010 Board of Directors meeting and failed to notify the Office, as required by Section 651.026, Florida Statutes. Specifically, the change in by-laws was not disclosed to the Office in the Interrogatories filed with the Office for the period ending December 31, 2010. Question No. 2 of the Interrogatories asks, "Have been any changes to the organizational documents (articles of incorporation, by-laws, partnership agreement, articles of association, trust agreement, etc.) since the last submission?" Management responded "NO". Furthermore, the copy of the by-laws currently filed with the Office was filed in 2004.

AMENDED BY-LAWS (Continued)

Recommendations: The Office recommends Glenridge establish adequate procedures to ensure the Office is timely notified of changes to its organizational documents. The Office further recommends that Glenridge immediately file the most recent by-laws 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 The Glenridge On Palmer Ranch.