



THE STATE OF FLORIDA

OFFICE OF INSURANCE REGULATION MARKET INVESTIGATIONS

MARKET CONDUCT FINAL EXAMINATION REPORT

OF

WESLEY MANOR, INC.

D/B/A

WESTMINSTER WOODS ON JULINGTON CREEK

ISSUED

August 20, 2013

FLORIDA COMPANY CODE 88166

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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 Wesley Manor, Inc., d/b/a Westminster Woods on Julington Creek (hereinafter "Westminster Woods") pursuant to Section 651.105, Florida Statutes. The scope period of this examination was April 1, 2008 through March 31, 2012. The on-site and desk examination procedures were completed on May 2, 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 Westminster Woods on Julington Creek. 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

Westminster Woods, a Florida not-for-profit corporation, was granted a certificate of authority by the Office to offer continuing care contracts on April 4, 1991. Westminster Woods is located in Jacksonville, Florida and is one of several affiliated Florida Continuing Care Retirement Communities operating under a management agreement with Westminster Services, Inc., an affiliated company. As of March 31, 2012, Westminster Woods reported 318 Continuing Care Units, of which 238 were Independent Living Units and 80 Assisted Living Units. In addition, there were 24 Rental Units reported. Westminster Woods also reported 60 Skilled Nursing Units of which 57 were classified as Community Beds and three as Sheltered Beds. As of the same date, there were 400 individuals residing at this facility.

AMENDED BY-LAWS

Minutes from the Board of Directors meetings held during the scope period of examination were reviewed for items of significance and items 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.

Westminster Woods amended and restated its by-laws at the October 27, 2011 Board of Directors meeting and failed to notify the Office, as required by Section 651.026, Florida Statutes.

AMENDED BY-LAWS (Continued)

Westminster Woods did not provide this information with the March 31, 2012 Annual Report filed with the Office. Furthermore, in the December 31, 2011 quarterly statement filed with the Office Westminster Woods responded "NO" to interrogatory No. 2, which asks in pertinent part if there had been any changes to the organizational documents, including by-laws, since the last submission.

Recommendation: The Office recommends Westminster Woods establish adequate procedures to ensure the Office is timely notified of changes to its organizational documents.

REQUIRED DISCLOSURES

Westminster Woods provided a list containing the 254 continuing care contracts executed during the scope period of the examination. A random sample consisting of 65 contracts was selected from the list and tested for compliance with Sections 651.055(4), 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 six instances, Westminster Woods failed to timely provide to the prospective residents and 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 money or other property to the provider, as required by Section 651.055(4), Florida Statutes.**

1a. **Recommendation:** The Office recommends Westminster Woods 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.

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 65 contracts in the sample, 25 contracts were executed on or after July 1, 2010. All 25 contracts were reviewed to determine compliance with disclosure requirements of Section 651.091(3)(h), Florida Statutes.

REQUIRED DISCLOSURES (continued)

2. **In four instances, Westminster Woods 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.**
- 2a. **Recommendation:** The Office recommends Westminster Woods establish adequate procedures to ensure all required disclosures are properly afforded to prospective residents or their legal representatives.

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 Wesley Manor, Inc., d/b/a Westminster Woods on Julington Creek.