

Report on Examination

of

Lifespace Communities Inc.

d/b/a

Abbey Delray

Delray Beach, Florida

as of

December 31, 2021



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SCOPE OF EXAMINATION

The Florida Office of Insurance Regulation (“OIR”), Life & Health Financial Oversight unit, conducted a routine examination of Lifespace Communities Inc. d/b/a Abbey Delray, pursuant to Section 651.105, Florida Statutes. The objective of the examination was to determine the extent of compliance with the provisions of Chapter 651, Florida Statutes, and Rule Chapter 69O-193, Florida Administrative Code. The examination covered the period of January 1, 2014, through December 31, 2021.

COMPANY HISTORY

Lifespace Communities Inc., a Florida not-for-profit corporation, was granted a certificate of authority by the OIR to offer continuing care contracts on January 18, 1980. Lifespace Communities Inc. operates the continuing care retirement community facility Abbey Delray located in Delray Beach, Florida.

Abbey Delray operates on the calendar year from January 1 through December 31. As of December 31, 2021, Abbey Delray reported in its Annual Report filed with the OIR: 505 Continuing Care Units consisting of 327 Independent Living Units, 48 assisted living, 30 memory care, and 100 Skilled Nursing Units. As of December 31, 2021, there were 372 individuals reported residing at Abbey Delray. The facility reports, pursuant to a continuing care contract, 229 residents in independent living, 34 residents in memory care, and 19 residents in skilled nursing.

SUMMARY OF FINDINGS

New Financing, Refinancing, Additional Financing

Finding 1:

In four instances, pursuant to Section 651.019(2), Florida Statutes, Abbey Delray failed to submit copies of executed financing documents within 30 days after the closing date of such transaction to the OIR as required.

Finding 2:

In one instance, pursuant to Section 651.019(1)(a), Florida Statutes, Abbey Delray failed to timely provide a general outline of the amount and anticipated terms of any new financing or refinancing, and the intended use of proceeds, to the Residents' Council at least 30 days before the closing date of the 2021 financing transaction.

Finding 3:

In three instances, pursuant to Section 651.019(1), Florida Statutes, Abbey Delray failed to submit to the OIR a general outline, including the intended use of proceeds, with respect to any new financing, additional financing, or refinancing at least 30 days before the closing date of such financing transaction.

Residents Council Required Disclosures

Finding 4:

In two instances, pursuant to Section 651.091(2)(g), Florida Statutes, Abbey Delray failed to provide documentation demonstrating that the information described in Section 651.085(4), Florida Statutes, was delivered in writing to the President or Chair of the Residents' Council.

Finding 5:

In seven instances, pursuant to Section 651.091(2)(f), Florida Statutes, Abbey Delray failed to provide documentation demonstrating that a copy of the most recent Third-Party Financial Audit filed with the OIR was given to the President or Chair of the Residents' Council within 30 days after filing the Annual Report with the OIR.

Quarterly Meetings with Residents

Finding 6:

In five instances, pursuant to Section 651.085(1), Florida Statutes, Abbey Delray failed to accurately report the dates in which quarterly meetings were held in the Annual Report.

Finding 7:

In four instances, pursuant to Section 651.085(4), Florida Statutes, Abbey Delray failed to provide documentation demonstrating that at a quarterly meeting prior to the implementation of any increase in the monthly maintenance fee; Abbey Delray must provide the reasons, by department cost centers, for any increase in the fee that exceeds the most recent published Consumer Price Index for All Urban Consumers, all items, Class A Areas of the Southern Region.

MINIMUM LIQUID RESERVE

As of December 31, 2021, Lifespace Communities Inc. d/b/a Abbey Delray had a Minimum Liquid Reserve that was funded in accordance with Section 651.035, Florida Statutes.

SUMMARY OF RECOMMENDATIONS

New Financing, Refinancing, Additional Financing

Finding 1, 2, and 3: The OIR recommends Abbey Delray submits executed financing documents, escrow, or trust agreements prepared in support of such financing or refinancing transaction, to the OIR within 30 days after the closing date of financing, and a copy of all documents required to be submitted to the Residents Council at least 30 days before the closing date of the financing or refinancing transaction, adhering to Section 651.091, Florida Statutes.

Residents Council Required Disclosures

Findings 4, and 5: The OIR recommends Abbey Delray establish adequate procedures and controls to ensure the statutory availability, distribution, and posting of reports and records are distributed to the President or Chair of the Residents' Council, in accordance with Section 651.091(2), Florida Statutes.

Quarterly Meetings with Residents

Finding 6: The OIR recommends Abbey Delray ensures that the dates of quarterly meetings with residents pursuant to Section 651.085(1), Florida Statutes, are properly reported, in accordance with Section 651.026(2)(d), Florida Statutes.

Finding 7: The OIR recommends Abbey Delray maintains documentation to demonstrate that at a quarterly meeting prior to the implementation of any increase in the monthly maintenance fee, Abbey Delray will provide the reasons, by department cost centers, for any increase in the fee that exceeds the most recently published Consumer Price Index for All Urban Consumers, all items, Class A Areas of the Southern Region in accordance with Section 651.085(4), Florida Statutes.

CONCLUSION

This Report of Examination is based upon the information provided to the OIR from Abbey Delray and additional research conducted by the OIR.

The following individuals from the Florida Office of Insurance Regulation participated in the examination: Michael Rockwell, Senior Management Analyst Supervisor; Steven Waites, Financial Specialist.

Respectfully submitted,



Carolyn M. Morgan, A.P.I.R.
Director
Life & Health Financial Oversight
Florida Office of Insurance Regulation
Date Signed: 7/18/23