

Report on Examination

of

Acts Retirement-Life Communities, Inc.

d/b/a

Azalea Trace

Pensacola, 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 Acts Retirement-Life Communities, Inc. d/b/a Azalea Trace, 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, 2013, to December 31, 2021.

COMPANY HISTORY

Acts Retirement-Life Communities, Inc., a Florida not-for-profit corporation, was granted a certificate of authority by the OIR to offer continuing care contracts on May 30, 1980. Acts Retirement-Life Communities, Inc., operates the continuing care retirement community facility Azalea Trace located in Pensacola, Florida. Azalea Trace is managed by ACTS Management Services, Inc., an affiliated entity.

Azalea Trace operates on the calendar year January 1 through December 31. As of December 31, 2021, Azalea Trace reported in its Annual Report filed with the OIR: There are 484 Continuing Care Units consisting of 352 Independent Living Units, 50 Assisted Living Units, and 82 Skilled Nursing Units. As of December 31, 2021, there were 503 Continuing Care residents and 14 Renters, totaling 517 individuals residing at Azalea Trace. The facility reports, pursuant to a continuing care contract, 437 residents in independent living, 35 residents in assisted living and memory care, and 31 residents in skilled nursing.

SUMMARY OF FINDINGS

NOTIFICATIONS TO THE OIR

Finding 1:

In eight instances, pursuant to Sections 651.026(2)(a) and 651.043(2), Florida Statutes, Azalea Trace failed to notify the OIR of any change in status with respect to the information required to be filed under Section 651.022(2), Florida Statutes, for each new management company or manager not employed by a management company.

Finding 2:

In six instances, pursuant to Section 651.043(2), Florida Statutes, Azalea Trace failed to notify OIR, in writing or electronically, of any change in management within 10 business days.

Quarterly Meetings with Residents

Finding 3:

In 36 instances, pursuant to Section 651.085(1), Florida Statutes, Azalea Trace failed to provide documentation that demonstrates residents were given 7 days advance notice of each quarterly meeting.

Finding 4:

In nine instances, pursuant to Section 651.085(4), Florida Statutes, Azalea Trace failed to provide documentation for the examination scope period that demonstrates that at a quarterly meeting prior to the implementation of any increase in the monthly maintenance fee, the designated representative of the provider must 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.

Resident Council Disclosures

Finding 5:

In three instances, pursuant to Section 651.091(2)(i), Florida Statutes, Azalea Trace failed to provide documentation that demonstrates that a copy of each quarterly statement was delivered to the President or Chair of the Residents Council within 30 days after the statement was filed with the OIR.

MINIMUM LIQUID RESERVE

As of December 31, 2021, the Azalea Trace' Minimum Liquid Reserve was funded in accordance with Section 651.035, Florida Statutes.

SUMMARY OF RECOMMENDATIONS

NOTIFICATIONS TO THE OIR

Findings 1 and 2: The OIR recommends Azalea Trace ensures the OIR is timely provided information and documentation for managers or management companies, in accordance with requirements of Chapter 651, Florida Statutes and Rule Chapter 69O-193, Florida Administrative Code.

Quarterly Meetings with Residents

Finding 3: The OIR recommends Azalea Trace maintain documentation to demonstrate that residents are given at least 7 days advance notice of each quarterly meeting with residents in accordance with Section 651.085(1), Florida Statutes.

Finding 4: The OIR recommends Azalea Trace maintain documentation to demonstrate that at a quarterly meeting prior to the implementation of any increase in the monthly maintenance fee, the designated representative of the provider 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.

Resident Council Disclosures

Finding 5: The OIR recommends Azalea Trace maintain documentation to demonstrate that a copy of each quarterly statement is delivered to the President or Chair of the Residents Council within 30 days after the quarterly statement is filed with the OIR in accordance with Section 651.091(2)(i), Florida Statutes.

CONCLUSION

This Report of Examination is based upon the information provided to the OIR from Azalea Trace 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 and Steven Waites, Financial Specialist.

Respectfully submitted,



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Date Signed: 7/7/23