

Report on Examination

of

Westminster Shores, Inc.

St. Petersburg, Florida

as of

June 30, 2019



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SCOPE OF EXAMINATION

The Florida Office of Insurance Regulation (“OIR”), Life & Health Financial Oversight unit, conducted a routine examination of Westminster Shores, Inc., 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 scope period of the examination was April 1, 2012 through June 30, 2019.

COMPANY HISTORY

Westminster Shores, Inc., a Florida not-for-profit corporation was granted a certificate of authority by the OIR to offer continuing care contracts on February 15, 1980. Westminster Shores operates a continuing care retirement community (“CCRC”) facility located in St. Petersburg, Florida and is managed by Westminster Services, Inc., an affiliated entity.

Westminster Shores operates on the fiscal year April 1 through March 31. As of March 31, 2019, Westminster Shores reported in its Annual Report filed with the OIR: 249 Continuing Care Units consisting of 174 Independent Living Units and 75 Assisted Living Units; 47 Rental Units and no Skilled Nursing Units. As of that date, there were 286 individuals reported residing at the facility: 239 pursuant to a continuing care contract and 47 pursuant to a rental agreement.

SUMMARY OF FINDINGS

WAIT LIST FORMS

Westminster Shores provided a list of 210 wait list deposits received during the scope period of the examination. A sample of 35 wait list deposits was selected and reviewed for compliance with Sections 651.022(2)(g) and 651.033(4), Florida Statutes, and Rule 69O-193.018, Florida Administrative Code.

Finding: Section 651.022(2)(g), Florida Statutes, provides in part that wait list contract forms be submitted to the OIR and approved prior to use.

In 35 instances, Westminster Shores failed to utilize a wait list contract form that was approved by the OIR, as required by Section 651.022(2)(g), Florida Statutes. In 20 instances, Westminster Shores accepted and acknowledged receipt of wait list deposits from individuals on form "88014, 88050, 88048, 88056 --- Res_Deposit_Escrow Rev. 5/9/17". In the remaining 15 instances, form "Westminster Shores Transaction Receipt September 10, 2003 WS/Wshores TR 6-15-11" was utilized.

RESERVATION FORMS

Westminster Shores provided a list of 251 continuing care contracts entered into during the scope period of the examination. A sample of 49 transactions was selected and reviewed for compliance with Section 651.022(2)(g), Florida Statutes.

Finding:

Section 651.022(2)(g), Florida Statutes, provides in part that reservation contract forms be submitted to the OIR and approved prior to use.

In 49 instances, Westminster Shores failed to utilize a reservation contract form approved by the OIR, as required by Section 651.022(2)(g), Florida Statutes. In 43 instances, Westminster Shores accepted and acknowledged receipt of reservation deposits from individuals on form "Westminster Shores Transaction Receipt September 10, 2003 WS/Wshores TR 6-15-11". In the remaining six instances, form "88014, 88050, 88048, 88056 – Res_Deposit_Escrow Rev 5/9/17" was utilized.

QUARTERLY MEETINGS WITH RESIDENTS

Quarterly meeting minutes, meeting notices, agendas, and Annual Reports filed with the OIR during the scope period of the examination were reviewed for compliance with Section 651.085, Florida Statutes.

Finding 1:

Section 651.085(1), Florida Statutes, provides in part that the governing body of a provider, or the designated representative of the provider, shall hold quarterly meetings with the residents of the continuing care facility for the purpose of free discussion of subjects including, but not limited to, income, expenditures, and financial trends and problems as they apply to the facility, as well as a discussion on proposed changes in policies, programs, and services.

In one instance, Westminster Shores failed to hold the Section 651.085(1), Florida Statutes, quarterly meetings with the residents, or provide for examination documentation to

demonstrate the quarterly meetings were held and noticed. Specifically, the Annual Reports Westminster Shores filed with the OIR contained dates meetings were held. No documentation related to these meetings was provided for examination. In these instances, the examination was unable to determine if the following quarterly meetings with residents were properly noticed and held.

Finding 2:

Section 651.085(1), Florida Statutes, provides in part that the annual report pursuant to Section 651.026, Florida Statutes, shall include the dates on which quarterly meetings with residents were held during the reporting period.

In 10 instances, Westminster Shores failed to accurately report in its Annual Reports filed with the OIR the dates on which quarterly meetings with residents were held, as required by Section 651.085(1), Florida Statutes.

NEW FINANCING, ADDITIONAL FINANCING, OR REFINANCING

Information was obtained and reviewed related to new financing, additional financing, and refinancing during the scope period of the examination to determine compliance with Section 651.019, Florida Statutes (2018).

Finding 1:

Section 651.019(1), Florida Statutes (2018), requires the provider 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 transaction.

In one instance, Westminster Shores failed to provide the OIR a general outline including the intended use of proceeds at least 30 days before the closing date of the financing transaction, as required by Section 651.019(1), Florida Statutes (2018). In this instance, the financing transaction was entered into on or about June 15, 2015; notification was provided to the OIR 19 days prior to the closing of the transaction on May 27, 2015.

Finding 2:

Section 651.019(2), Florida Statutes (2018), requires the provider to submit to the OIR copies of the executed financing documents within 30 days after the closing date of the transaction.

In one instance, Westminster Shores failed to provide the OIR with copies of the executed financing documents within 30 days after the closing of the financing transaction, as required by Section 651.019(2), Florida Statutes (2018). In this instance, Westminster Shores entered into the financing transaction on or about December 1, 2016; the OIR was provided copies of the executed financing documents 44 days later on January 14, 2017.

NOTIFICATIONS TO THE OIR

Finding:

In three instances, Westminster Shores failed to notify the OIR and file pertinent documents, within 5 business days of the addition of new Directors to its Board of Directors, as required by Rule 69O-193.058, Florida Administrative Code. The examination revealed that two individuals were appointed to the Board of Directors on or about July 19, 2018, and one individual was appointed on or about October 25, 2018.

In addition, Westminster Shores failed to disclose these changes to its Board of Directors in their Quarterly Report Interrogatories filed with the OIR for the periods ending September 30, 2018, and December 31, 2018.

RESIDENTS' COUNCIL DISCLOSURES

Documentation was reviewed to determine compliance with the Residents' Council disclosure requirements, pursuant to Sections 651.081 and 651.085(3), Florida Statutes, as well as, Section 651.091(2), Florida Statutes (2018).

Finding:

Section 651.081(2)(a), Florida Statutes, provides in part that within 30 days of the election of a newly elected president or chair of the residents' council, the provider shall give the elected president or chair a copy of Chapter 651, Florida Statutes, and Rule Chapter 69O-193, Florida Administrative Code, or direct him or her to the appropriate public website to obtain this information.

In one instance, Westminster Shores failed to provide documentation to demonstrate that the newly elected President of the Residents' Council a copy of Chapter 651, Florida Statutes, and Rule Chapter 69O-193, Florida Administrative Code, or to direct the individual to the appropriate public website to obtain the information, as required by Section 651.081(2)(a), Florida Statutes. In this instance the examination was unable to determine if the disclosure had been provided.

MINIMUM LIQUID RESERVE

As of March 31, 2019, the Westminster Shores' Minimum Liquid Reserve was funded in accordance with Section 651.035, Florida Statutes (2018).

SUMMARY OF RECOMMENDATIONS

WAIT LIST FORMS

The OIR recommends Westminster Shores establish adequate procedures and controls to ensure wait list contract forms are approved by the OIR prior to use, in accordance with Section 651.022(2)(g), Florida Statutes. Further, the OIR recommends Westminster Shores submit to the OIR for approval a wait list contract form within 45 days after issuance of the Final Report of Examination.

RESERVATION FORMS

The OIR recommends Westminster Shores establish adequate procedures and controls to ensure reservation contract forms are approved by the OIR prior to use, in accordance with Section 651.022(2)(g), Florida Statutes. Further, the OIR recommends Westminster Shores submit to the OIR for approval a reservation contract form within 45 days after issuance of the Final Report of Examination.

QUARTERLY MEETINGS WITH RESIDENTS

Findings 1, and 2: The OIR recommends Westminster Shores establish adequate procedures and controls to ensure quarterly meetings with residents are noticed and held in compliance with Section 651.085, Florida Statutes. In addition, the OIR recommends Westminster Shores establish

adequate procedures and controls to ensure that the dates on which the quarterly meetings with residents are held are accurately reported in its Annual Reports filed with the OIR.

NEW FINANCING, ADDITIONAL FINANCING, OR REFINANCING

The OIR recommends Westminster Shores ensure compliance with the provisions of Section 651.019, Florida Statutes.

NOTIFICATIONS TO THE OIR

The OIR recommends Westminster Shores establish adequate procedures and controls to ensure that any changes to its Board of Directors are timely reported to the OIR, in accordance with Rule 69O-193.058, Florida Administrative Code.

RESIDENTS' COUNCIL REQUIRED DISCLOSURES


The OIR recommends Westminster Shores ensures all Chapter 651, Florida Statutes, Residents' Council disclosures are provided. The OIR further recommends Westminster Shores obtain documentation to demonstrate the disclosures were provided.

CONCLUSION

This Final Report of Examination is based upon the information provided to the OIR from Westminster Shores, Inc., and additional research conducted by the OIR.

The following individuals from the Florida Office of Insurance Regulation participated in the examination: Bernie L. Stoffel, Senior Management Analyst Supervisor; Alicia Thompkins-Perryman, CFE, APIR, Financial Specialist; and Kyle Barber, Financial Specialist.

Respectfully submitted,



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Date Signed: 7/7/23