

Report on Examination

of

Lifespace Communities Inc.

d/b/a

The Waterford

Juno Beach, Florida

as of

December 31, 2021



Contents

Scope of Examination	1
Company History	1
Summary of Findings	2
Summary of Recomendations	4
Conclusion	5

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 The Waterford, 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 March 6, 1981. Lifespace Communities Inc. operates the continuing care retirement community facility The Waterford located in Juno Beach, Florida.

The Waterford operates on the calendar year from January 1 through December 31. As of December 31, 2021, The Waterford reported in its Annual Report filed with the OIR: 331 Continuing Care Units consisting of 271 Independent Living Units and 60 Skilled Nursing Units. As of December 31, 2021, there were 306 individuals reported residing at The Waterford. The facility reports, pursuant to a continuing care contract, 252 residents in independent living and 10 residents in skilled nursing.

SUMMARY OF FINDINGS

The following is a summary of findings.

New Financing, Refinancing, Additional Financing

Finding 1:

In four instances, pursuant to Section 651.019(2), Florida Statutes, The Waterford 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, The Waterford 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, The Waterford 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, The Waterford 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, The Waterford 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.

Finding 6:

In one instance, pursuant to Section 651.91(2)(f), Florida Statutes, The Waterford failed to provide documentation demonstrating that The Waterford distributed a copy of the full Annual Report 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 7:

In three instances, pursuant to Section 651.085(4), Florida Statutes, The Waterford failed to provide documentation demonstrating that at a quarterly meeting prior to the implementation of any increase in the monthly maintenance fee, The Waterford 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.

Finding 8:

In one instance, pursuant to Section 651.085(1), Florida Statutes, The Waterford failed to accurately report the dates in which quarterly meetings were held in the Annual Report.

MINIMUM LIQUID RESERVE

As of December 31, 2021, Lifespace Communities Inc. d/b/a The Waterford 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 The Waterford 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, 5, and 6: The OIR recommends The Waterford 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 7: The OIR recommends The Waterford maintains documentation to demonstrate that at a quarterly meeting prior to the implementation of any increase in the monthly maintenance fee, The Waterford 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.

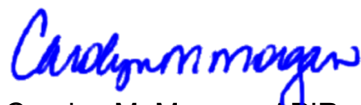
Finding 8: The OIR recommends The Waterford ensures that the dates of quarterly meetings with residents pursuant to Section 651.085(1), Florida Statutes, are properly reported, in accordance with Section 651.026(2)(d), Florida Statutes.

CONCLUSION

This Report of Examination is based upon the information provided to the OIR from The Waterford 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