

**Report on Examination**

**of**

**Lifespace Communities Inc.**

**d/b/a**

**Harbour's Edge**

**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 Harbour’s Edge, 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, 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 February 17, 1986. Lifespace Communities Inc. operates the continuing care retirement community facility Harbour’s Edge located in Delray Beach, Florida.

Harbour’s Edge operates on the calendar year January 1 through December 31. As of December 31, 2021, Harbour’s Edge reported in its Annual Report filed with the OIR: 320 Continuing Care Units consisting of 266 Independent Living Units and 54 Skilled Nursing Units. As of December 31, 2021, there were 349 individuals reported residing at Harbour’s Edge. The facility reports, pursuant to a continuing care contract, 296 residents in independent living and 6 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, Harbour's Edge 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, Harbour's Edge 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, Harbour's Edge 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, Harbour's Edge 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, Harbour's Edge 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 three instances, pursuant to Section 651.091(2)(i), Florida Statutes, Harbour's Edge failed to provide documentation demonstrating that a copy of each quarterly statement filed with the OIR was provided within 30 days after filing to the President or Chair of the Residents' Council.

Quarterly Meetings with Residents

Finding 7:

In two instances, pursuant to Section 651.085(1), Florida Statutes, Harbour's Edge failed to provide documentation demonstrating that residents were given 7 days' advance notice of each quarterly meeting.

Finding 8:

In seven instances, pursuant to Section 651.085(4), Florida Statutes, Harbour's Edge failed to provide documentation demonstrating that at a quarterly meeting prior to the implementation of any increase in the monthly maintenance fee, Harbour's Edge 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 9:

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

### **MINIMUM LIQUID RESERVE**

As of December 31, 2021, Harbour's Edge Minimum Liquid Reserve 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 Harbour's Edge 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 Harbours' Edge 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.

Finding 6: The OIR recommends Harbours' Edge 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.

#### Quarterly Meetings with Residents

Finding 7: The OIR recommends Harbours' Edge maintains documentation to demonstrate that the statutory quarterly meetings with residents are properly noticed, in accordance with Section 651.085(1), Florida Statutes.

Finding 8: The OIR recommends Harbours' Edge maintains documentation to demonstrate that at a quarterly meeting prior to the implementation of any increase in the monthly maintenance fee, Harbours' Edge 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.

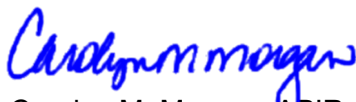
Finding 9: The OIR recommends Harbours' Edge ensures that the dates of quarterly meetings with residents pursuant to Section 651.085(1), Florida Statutes, are properly reported, in accordance with Section 651.026(2)(d), Florida Statutes.

## CONCLUSION

This Report of Examination is based upon the information provided to the OIR from Lifespace Communities Inc. d/b/a Harbour's Edge 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, APIR  
Director  
Life & Health Financial Oversight  
Florida Office of Insurance Regulation  
Date Signed: 7/10/23