

Report on Examination

of

Wesley Manor, Inc.

d/b/a

Westminster Woods on Julington Creek

Jacksonville, 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 Wesley Manor, Inc. d/b/a Westminster Woods on Julington Creek, 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 690-193, Florida Administrative Code. The scope period of the examination was April 1, 2012 through June 30, 2019.

COMPANY HISTORY

Wesley Manor, Inc., a Florida not-for-profit corporation was granted a certificate of authority by the OIR to offer continuing care contracts on April 4, 1991. Wesley Manor operates Westminster Woods on Julington Creek, a continuing care retirement community facility located in Jacksonville, Florida. Wesley Manor is managed by Westminster Services, Inc., an affiliated entity.

Wesley Manor operates on the fiscal year April 1 through March 31. As of March 31, 2019, Wesley Manor reported in its Annual Report filed with the OIR: 323 Continuing Care Units consisting of 264 Independent Living Units and 59 Assisted Living Units; 60 Skilled Nursing Units consisting of 4 Sheltered Beds and 56 Community Beds; and 39 Rental Units. As of that date, there were 500 individuals reported residing at the facility: 434 pursuant to a continuing care contract; 39 pursuant to a rental agreement; and 27 skilled nursing community patients (non-CCRC).

SUMMARY OF FINDINGS

WAIT LIST FORMS

Wesley Manor provided a list of 244 wait list deposits received during the scope period of the examination. A sample of 39 transactions 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 29 instances, Wesley Manor 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 14 instances, Wesley Manor accepted and acknowledged receipt of wait list deposits from individuals on form "WS SUN TR 5-9-10", in 11 instances form "88014, 88050, 88048, 88056 -- Res_Deposit_Escrow Rev. 5/9/17" was utilized, and in 4 instances form "Westminster Retirement Communities Waiting List" was utilized.

RESERVATION FORMS

Wesley Manor provided a list of 411 continuing care contracts entered into during the scope period of the examination. A sample of 48 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 48 instances, Wesley Manor failed to utilize a reservation contract form approved by the OIR, as required by Section 651.022(2)(g), Florida Statutes. In 36 instances, Wesley Manor accepted and acknowledged receipt of reservation deposits from individuals on form "WS SUN TR 5-9-10" and in 12 instances, form "88014,88050,88048,88056--Res_Deposit_Escrow 5/9/17" was utilized.

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), provides in part that the provider submits to the OIR a general outline including intended use of proceeds, with respect to any new financing, additional financing or refinancing at least 30 days before closing date of such transaction.

In one instance, Wesley Manor failed to provide the OIR a general outline including intended use of proceeds at least 30 days before closing date of new financing, as required by Section 651.019(1), Florida Statutes (2018). The financing transaction was entered into on 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, Wesley Manor 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. In this instance, Wesley Manor entered into a financing agreement on 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:

Wesley Manor failed to timely 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 the following additions to Wesley Manor Board of Directors: two individuals were appointed on or about October 27, 2016, one individual was appointed on or about July 27, 2017; one individual was appointed on or about October 26, 2017; and two individuals were appointed on or about July 19, 2019.

In addition, Wesley Manor failed to disclose these newly appointed Directors to the Board in their Quarterly Report Interrogatories filed with the OIR for the periods ending December 31, 2016, September 30, 2017, December 31, 2017, and September 30, 2019.

DISCLOSURE DOCUMENTS

The disclosure documents utilized by Wesley Manor during the scope period of the examination were reviewed for compliance with Sections 651.091(3), Florida Statutes (2018) and Section 651.091(4), Florida Statutes.

Section 651.091(3), Florida Statutes (2018), provides in part that before entering into a contract to furnish continuing care, the provider undertaking to furnish the care, or the agent of the provider, shall make full disclosure, and provide copies of specific disclosures to the prospective resident or his or her legal representative.

Finding:

Section 651.091(4), Florida Statutes, provides in part that a true and complete copy of the full disclosure document to be used must be filed with the OIR before use.

In one instance, Wesley Manor failed to file with the OIR a true and complete copy of its full disclosure documents prior to use, as required by Section 651.091(4), Florida Statutes. The examination revealed that the then current disclosure documents provided by Wesley Manor, utilized up to 2019, differed in certain aspects from the disclosure documents submitted to the OIR on January 16, 2017. Noted were changes pertaining to the rules and regulations and planned development and changes disclosures.

MINIMUM LIQUID RESERVE

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

SUMMARY OF RECOMMENDATIONS

WAIT LIST FORMS

The OIR recommends Wesley Manor 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 Wesley Manor 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 Wesley Manor 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 Wesley Manor submit to the OIR for approval a reservation contract form within 45 days after issuance of the Final Report of Examination.

NEW FINANCING, ADDITIONAL FINANCING, OR REFINANCING

The OIR recommends Wesley Manor ensures compliance with Section 651.019, Florida Statutes.

NOTIFICATION TO THE OIR

The OIR recommends Wesley Manor 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 690-193.058, Florida Administrative Code.

DISCLOSURE DOCUMENTS

The OIR recommends Wesley Manor ensures a true and complete copy of the full disclosure document is filed with the OIR prior to use, in accordance with Section 651.091(4), Florida Statutes.

CONCLUSION

This Final Report of Examination is based upon the information provided to the OIR from Wesley Manor, Inc. d/b/a Westminster Woods on Julington Creek 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; Kyle Barber, Financial Specialist.

Respectfully submitted,



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Director
Life & Health Financial Oversight
Florida Office of Insurance Regulation
Date Signed: 7/7/23