

Report on Examination

of

Covenant Village of Florida, Inc.

(now known as Covenant Living of Florida, Inc.)

Plantation, Florida

as of

January 31, 2017



**FLORIDA OFFICE OF
INSURANCE REGULATION**

Contents

Scope of Examination	1
Company History	1
Summary of Findings	2
Minimum Liquid Reserve.....	9
Summary of Recommendations	10
Subsequent Events.....	13
Conclusion	14

SCOPE OF EXAMINATION

The Florida Office of Insurance Regulation (“OIR”), Life & Health Financial Oversight unit, conducted a routine examination of Covenant Village of Florida, Inc., (now known as Covenant Living of Florida, Inc.¹) 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 February 1, 2013, through January 31, 2017 (the “Scope Period”).

COMPANY HISTORY

Covenant Village of Florida, a Florida not-for-profit corporation was granted a certificate of authority by the OIR on June 11, 1980, to offer continuing care contracts. Covenant Village of Florida operates a continuing care retirement community facility located in Plantation, Florida and is managed by its sole corporate member, Covenant Retirement Communities, Inc.

Covenant Village of Florida operates on a fiscal year of February 1st through January 31st. As of January 31, 2017, Covenant Village of Florida reported: 338 Continuing Care Units consisting of 294 Independent Living Units and 44 Assisted Living Units; and 60 Skilled Nursing Units (all designated as Sheltered Beds). As of that same date, 372 individuals were reported residing at Covenant Village of Florida, to include, 325 pursuant to a continuing care agreement.

¹ Effective April 1, 2019, Covenant Village of Florida's corporate name was changed to Covenant Living of Florida, Inc.

SUMMARY OF FINDINGS

The following is a summary of findings. The findings are discussed in more detail in the pages that follow with recommendations beginning on page 10.

CANCELATIONS AND REFUNDS

Covenant Village of Florida provided a list of 104 continuing care contracts canceled during the scope period of the examination. A sample of 43 contract cancelations was selected and reviewed to verify the amount of the refund due, if any, and whether refunds were properly issued. Of the 43 cancelations selected for review, 25 were eligible for refunds.

Finding 1:

Section 651.055(1)(h), Florida Statutes, states in part that the continuing care contract provides the terms governing the refund of any portion of the entrance fee. Section 651.055(1)(g), Florida Statutes (2014), states in pertinent part the refund must be paid within 120 days after a resident gives notice of intention to cancel.

In one instance, Covenant Village of Florida failed to timely issue an entrance fee refund, as required by Sections 651.055(1)(g), Florida Statutes (2014). The resident provided notice of intention to cancel their continuing care contract on April 28, 2014. The refund was issued 137 days later on September 12, 2014, and not within the required 120 days.

Finding 2:

In six instances, Covenant Village of Florida failed to issue refunds in accordance with Section 651.055(1), Florida Statutes, and the terms of the approved continuing care contracts. Upon review of the continuing care contracts and related documentation during the examination, the correct amounts calculated and due as refunds were as follows:

<u>Net Amount Refunded by Covenant Village of Florida</u>	<u>Net Refund Due per Examination</u>	<u>Difference</u>
*\$85,616	\$88,900	(\$3,283)
*\$116,315	\$117,558	(\$1,243)
*\$17,300	\$18,500	(\$1,200)
*\$41,002	\$42,122	(\$1,120)
*\$51,348	\$51,802	(\$454)
*\$59,617	\$60,051	(\$434)

* Covenant Village of Florida withheld from the refund a \$350 non-refundable filing fee. The withholding of a \$350 non-refundable filing fee was not a provision of certain continuing care contracts.

DISMISSALS OR DISCHARGES

Covenant Village of Florida terminated one continuing care contract for just cause and discharged the resident from the facility during the examination scope period. The contract termination was reviewed for compliance with Section 651.061(1), Florida Statutes.

Finding:

Section 651.061(1), Florida Statutes, provides in pertinent part: “(f) or any contract entered into on or after October 1, 1997, and terminated by a provider for just cause, the provider shall pay to the resident any refund due upon the resident’s vacating the facility, less a reasonable amount to cover the anticipated cost of utilities, telephone, or other obligations, if applicable and as documented by the provider. Any funds retained and not used for such purposes will be refunded to the resident within 45 days of vacating the unit.”

On October 13, 2015, Covenant Village of Florida terminated a resident’s continuing care contract for just-cause. However, Covenant Village of Florida failed to timely issue the refund due, as required by Section 651.061(1), Florida Statutes. The effective date of the continuing care contract was June 1, 2015. Upon termination of the contract by Covenant Village of Florida the resident vacated the unit on October 13, 2015. The refund was not

issued when the individual vacated the facility on October 13, 2015, as required. The refund was subsequently issued on January 15, 2016, 94 days after the individual vacated the facility.

REQUIRED DISCLOSURES

Covenant Village of Florida provided a list of 182 continuing care contracts executed during the scope period of the examination. A sample of 54 transactions was selected and reviewed for compliance with Sections 651.055(4) and 651.091(3), Florida Statutes.

Finding 1:

Section 651.055(4), Florida Statutes, provides that before the transfer of any money or other property to a provider by or on behalf of a prospective resident, the provider shall present a typewritten or printed copy of the contract to the prospective resident and all other parties to the contract. The provider shall secure a signed, dated statement from each party to the contract certifying that a copy of the contract with the specified attachment was received.

In six instances, Covenant Village of Florida failed to provide the prospective residents and all parties to the continuing care contract a copy of the contract and/or secure a signed and dated statement from each party to the contract certifying that a copy of the contract was received prior to the transfer of money or other property, as required by Section 651.055(4), Florida Statutes. In two instances, a copy of the contract was provided after the transfer of money to Covenant Village of Florida. In three instances, a signed statement was secured from only one of the two individuals that were a party to each contract. In the final instance, the statement acknowledging receipt of the contract was signed, but was not dated. In this instance, the examination was unable to determine if a copy of the contract was timely provided.

Finding 2:

Section 651.091(3), Florida Statutes (2017), 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 disclosure documents to the prospective resident or his or her legal representative.

Covenant Village of Florida failed to timely provide to a prospective resident or their legal representative the required disclosure documents, as required by Section 651.091(3), Florida Statutes (2017). The continuing care contract was executed January 30, 2014, and the document acknowledging receipt of the disclosure documents was signed February 25, 2014.

DISCLOSURE DOCUMENTS

The disclosure documents utilized by Covenant Village of Florida during the scope period of the examination were reviewed for compliance with Sections 651.091(3) and 651.091(4), Florida Statutes (2017).

Finding 1:

Covenant Village of Florida failed to provide in three versions of its disclosure documents a concise summary of the last examination report issued by the OIR, as required by Section 651.091(3)(b), Florida Statutes. The disclosure document versions dated August 19, 2014, February 2, 2015, and July 1, 2015, stated in part that the “results of the examination indicate the records are in good order and the facility is in compliance with applicable sections of Chapter 651, Florida Statutes [sic], and Chapter 69O-193, Florida Administrative Code, with no deficiencies.” These disclosure documents failed to include a summary of the last examination report issued by the OIR on May 8, 2014, that contained findings

pertaining to forms, required escrow deposit and waivers, and required disclosures and access to records.

Finding 2:

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

Covenant Village of Florida failed to file five versions of its Section 651.091(3), Florida Statutes, disclosure documents with the OIR prior to use, as required by Section 651.091(4), Florida Statutes. Disclosure document versions dated August 3, 2017; June 1, 2017; June 1, 2016; July 1, 2015, February 2, 2015, were not filed with the OIR prior to being used.

UNFAIR INSURANCE TRADE PRACTICES ACT

Pursuant to Section 651.106(15), Florida Statutes, the certificate of authority of a continuing care provider may be suspended or revoked if the OIR finds that the provider in the conduct of business under the license, is engaging in unfair methods of competition or in unfair or deceptive acts or practices prohibited under Part IX of Chapter 626, Florida Statutes, the Unfair Insurance Trade Practices Act.

Section 626.9541(1)(j), Florida Statutes, states in pertinent part that a provider shall maintain a complete record of all complaints received since the date of the last examination and defines “complaint” as any written communication primarily expressing a grievance.

Finding:

Covenant Village of Florida failed to maintain a record of all complaints received since the date of the last examination, as required by Section 626.9541(1)(j), Florida Statutes. In instances where anonymous complaints were received no record was maintained.

ANNUAL REPORTS

Section 651.026, Florida Statutes, requires in pertinent part that a provider file an Annual Report and such other information and data showing its condition as of the last day of the preceding year.

Finding 1:

Covenant Village of Florida failed to accurately report in the Annual Reports filed with the OIR for the following fiscal years ending January 31, (2014, 2015, 2016, and 2017), information pertaining to wait list deposits, as required by Section 651.026, Florida Statutes. Specifically, Covenant Village of Florida reported information related to *reservation* deposits rather than *wait list* deposits in the aforementioned Annual Reports.

Finding 2:

Covenant Village of Florida failed to accurately report in the Annual Reports filed with the OIR for the following fiscal years ending January 31, (2014, 2015, 2016, and 2017), the number of rental units, renters, skilled nursing community beds and patients, as required by Section 651.026, Florida Statutes.

RESIDENTS' COUNCIL DISCLOSURES

Documentation was reviewed to determine compliance with the Residents' Council disclosure requirements, pursuant to Sections 651.081(2)(a) and 651.085(3), Florida Statutes, as well as, Section 651.091(2), Florida Statutes (2017).

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.

Covenant Village of Florida failed to provide a 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.

QUARTERLY MEETINGS WITH RESIDENTS

Quarterly meeting minutes, notices to residents, agenda, and meeting dates contained in the Annual Reports filed with the OIR during the scope period of the examination were reviewed for compliance with Section 651.085, Florida Statutes.

Finding:

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

Covenant Village of Florida failed to accurately report in the 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. The examination revealed that in eight (8) instances the dates the quarterly meetings were actually held, conflicted and were different than the dates reported in the Fiscal Year 2016 and 2017 Annual Reports filed with the OIR:

Date Meeting Held per 2016 Annual Report
1/8/2015, 2/12/2015, 3/12/2015, 4/9/2015,
6/11/2015, 7/9/2015, 9/10/2015, 10/8/2015,
11/12/2015, 12/10/2015

Date Meeting Held
3/24/2015
6/16/2015
9/8/2015
12/8/2015

Date Meeting Held per 2017 Annual Report
1/14/2016, 2/11/2016, 4/14/2016, 5/12/16,
6/9/2016, 7/14/2016, 9/8/2016, 10/13/2016,
11/10/2016, 12/8/2016

Date Meeting Held
3/22/2016
6/21/2016
9/20/2016
12/12/2016

ACCESS TO RECORDS

Finding:

Section 651.105(1), Florida Statutes, provides in part that any provider being examined shall, upon request, give reasonable and timely access to all of its records. Records necessary to conduct the examination and determine the degree of compliance with Chapter 651, Florida Statutes, and Rule Chapter 690-193, Florida Administrative Code, were requested from Covenant Village of Florida in accordance with Section 651.105, Florida Statutes.

In three instances, Covenant Village of Florida failed to provide for examination, documents necessary for the OIR to determine compliance with applicable statutes and rules, as required by Section 651.105(1), Florida Statutes. Covenant Village of Florida did not maintain adequate records and thus failed to make available for examination resident cancelation notices for three canceled continuing care contracts.

MINIMUM LIQUID RESERVE

As of January 31, 2017, Covenant Village of Florida's Minimum Liquid Reserve (MLR) was funded in accordance with Section 651.035, Florida Statutes.

SUMMARY OF RECOMMENDATIONS

CANCELATIONS AND REFUNDS

The OIR recommends Covenant Village of Florida: establish adequate procedures and controls to ensure refunds are timely issued and in the appropriate amounts. Additionally, for the period starting February 1, 2013 through January 31, 2017, the OIR recommends Covenant Village of Florida review the calculations of the entrance fee refunds herein referenced and review all contract cancelations for instances of the withholding of a \$350 filing fee that was not a provision of the continuing care contract or amendment thereto. After such review the OIR further recommends Covenant Village of Florida refund any amounts that may be due to residents, their estates or assigns, and provide the OIR the results of the review along with any additional refund documentation within 60 days after the issuance of the Final Report of Examination, as may be applicable.

DISMISSALS OR DISCHARGES

The OIR recommends Covenant Village of Florida establish adequate procedures and controls to ensure refunds related to the dismissal or discharge of a resident from the facility comply with the provisions of Section 651.061, Florida Statutes.

REQUIRED DISCLOSURES

Finding 1: The OIR recommends Covenant Village of Florida establish adequate procedures and controls to ensure that before the transfer of any money or other property by or on behalf of a prospective resident, a type-written or printed copy of the contract is presented to the prospective resident and all other parties to the contract. The OIR also recommends that Covenant Village of Florida ensure that a signed and dated statement from each party to the contract certifying that a copy of the contract with the specified attachment was received, is obtained, in accordance with Section 651.055(4), Florida Statutes.

Finding 2: The OIR recommends Covenant Village of Florida establish adequate procedures and controls to ensure all disclosures required by Section 651.091(3), Florida Statutes, are provided to prospective residents and/or their legal representatives in their current form prior to entering into a continuing care contract. It is also recommended that documentation be obtained to demonstrate the required disclosures were provided.

DISCLOSURE DOCUMENTS

Findings 1 and 2: The OIR recommends Covenant Village of Florida establish adequate procedures and controls to ensure required disclosures are complete and contain current information including that a true and complete copy of the full disclosure document is filed with the OIR prior to use, as required by Sections 651.091(3) and 651.091(4), Florida Statutes. The OIR recommends that documentation is maintained of each disclosure document filed with the OIR prior to use. The OIR further recommends Covenant Village of Florida file with the OIR a complete copy of its current disclosure documents within 30 days after the issuance of the Final Report of Examination.

UNFAIR INSURANCE TRADE PRACTICES ACT

The OIR recommends Covenant Village of Florida establish adequate procedures and controls to ensure that a record of all complaints received is maintained, in accordance with Section 626.9541(1)(j), Florida Statutes.

ANNUAL REPORTS

Findings 1 and 2: The OIR recommends Covenant Village of Florida establish adequate procedures and controls to ensure information pertaining to wait lists, unit analysis, and corresponding occupancies are accurately reported in the Annual Reports filed with the OIR, in accordance with Sections 651.026 and 651.085, Florida Statutes.

RESIDENTS' COUNCIL DISCLOSURES

The OIR recommends Covenant Village of Florida establish adequate procedures and controls to ensure that all required Residents' Council disclosures are properly delivered to the appropriate individuals and that documentation is obtained to substantiate the disclosures were provided.

QUARTERLY MEETINGS WITH RESIDENTS

The OIR recommends Covenant Village of Florida establish adequate procedures and controls to ensure the actual dates on which the quarterly meetings with residents are held, are accurately reported in the Annual Reports filed with the OIR, in accordance with Section 651.085(1), Florida Statutes.

ACCESS TO RECORDS

In order for the OIR to determine the degree of compliance with Chapter 651, Florida Statutes, and Rule Chapter 690-193, Florida Administrative Code, the OIR recommends Covenant Village of Florida establish adequate procedures and controls to ensure complete and adequate records are properly maintained and made available to the OIR for examination, as required by Section 651.105, Florida Statutes.

SUBSEQUENT EVENTS

The scope period of this examination, as previously mentioned, was February 1, 2013 through January 31, 2017. The following events relative to Covenant Village of Florida, Inc., while subsequent to the scope period of this examination are included for informational purposes only and have not been specifically addressed in the current examination.

On or about October 28, 2017, Covenant Care Center, Inc., and Covenant Palms of Miami, Inc., each merged into Covenant Village of Florida, Inc. Covenant Village of Florida is the surviving entity in both instances.

On or about March 18, 2019, Articles of Amendment to the Articles of Incorporation of Covenant Village of Florida, Inc., were filed with the Florida Department of State, Division of Corporations, that resulted in a corporation name change from Covenant Village of Florida, Inc. to Covenant Living of Florida, Inc. Those Articles of Amendment were filed with a delayed effective date of April 1, 2019.

On or about April 1, 2019, Covenant Living of Florida, Inc. registered the fictitious name "Covenant Village of Florida, Inc." with the Florida Department of State.

CONCLUSION

This Final Report of Examination is based upon the information provided to the OIR by Covenant Village of Florida 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; Hannah Scott, Insurance Analyst II; and Lisa M. Parker, ASA, MAAA, APIR, Actuary.

Respectfully submitted,

 12/12/22

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