

Report on Examination

of

CCRC – South Port Square, LLC

Port Charlotte, Florida

as of

December 31, 2020



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## **Scope of Examination**

The Florida Office of Insurance Regulation (“OIR”), Life & Health Financial Oversight unit conducted a routine examination of CCRC – South Port Square, LLC (“South Port Square”), 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 December 12, 2014 through December 31, 2020.

## **Company History**

CCRC – South Port Square, LLC, a Delaware Limited Liability Company was granted a certificate of authority by the OIR to offer continuing care contracts on December 12, 2014. CCRC – South Port Square, LLC, operates a continuing care retirement community (“CCRC”) facility located in Port Charlotte, Florida. South Port Square is managed by Life Care Services, LLC.

South Port Square operates on a calendar year basis. As of December 31, 2020, South Port Square reported in its Annual Report filed with the OIR: 496 Continuing Care Units consisting of 411 Independent Living Units and 85 Assisted Living Units; 120 Skilled Nursing Units consisting solely of Community Beds; and 46 Rental Units. As of that date, there were 552 individuals reported residing at South Port Square: 423 pursuant to a continuing care contract; and, 129 not pursuant to a continuing care contract.

## 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 7.

### CANCELATIONS AND REFUNDS

#### Finding:

Section 651.055(1), Florida Statutes, requires each continuing care contract and each addendum to such contract be submitted to and approved by the OIR before use. In addition, Section 651.055(1)(i), Florida Statutes, provides in part that each continuing care contract state the terms under which a contract is canceled by the death of the resident.

South Port Square failed to timely issue a refund in accordance with the terms of the continuing care contract, as required by Section 651.055(1)(i), Florida Statutes. In this instance, the contract was canceled due to the death of the resident. The terms of the continuing care contract provided for a refund equal to 50% of the entrance fee to be paid within 120 days of the effective date of termination of the contract. The unit was vacated June 20, 2020. The refund was issued on July 12, 2021, outside of the 120-day refund provision of the continuing care contract.

### QUARTERLY MEETING WITH RESIDENTS

Quarterly meeting minutes, meeting notices, 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 part that residents shall be provided at least 7 days' advance notice of each quarterly meeting between the governing body of the provider, or the designated representative of the provider and the residents.

In two instances, South Port Square failed to provide documentation to demonstrate that residents were provided at least 7 days' advance notice of the quarterly meetings between the governing body of the provider, or the designated representative of the provider and the residents, as required by Section 651.085(1), Florida Statutes. The examination was unable to determine if residents were timely provided notice for the quarterly meetings held in the 1<sup>st</sup> Quarter 2015 and the 3<sup>rd</sup> Quarter 2016.

ANNUAL REPORTS

The annual reports filed with the OIR during the scope period of the examination were reviewed for compliance with Section 651.026, Florida Statutes.

FINDING:

South Port Square failed to accurately report in its Annual Reports filed with the OIR, wait list deposit information, as required by Section 651.026(1), Florida Statutes. Specifically, the Wait List Schedule in the Annual Reports for calendar years ended 2014, 2015, 2016, and 2017, included amounts other than wait lists deposits.

RESIDENTS' COUNCIL REQUIRED DISCLOSURES

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

Finding 1:

Section 651.085(3), Florida Statutes, provides that the designated representative of the residents' council shall be notified at least 14 days in advance of any meeting of the full governing body at which proposed changes in resident fees or services will be discussed and the representative shall be invited to attend and participate in that portion of the meeting designated for the discussion of the changes.

For the fee increases effective for calendar years 2016, 2017, 2018, 2019, and 2020, South Port Square failed to notify and invite the designated representative of the Residents' Council to attend and participate in that portion of the meetings of the full governing body at which proposed changes in resident fees were discussed, as required by Section 651.085(3), Florida Statutes.

Finding 2:

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

In five instances, South Port Square failed to provide documentation to demonstrate that newly elected Presidents of the Residents' Council, were provided a copy of Chapter 651, Florida Statutes and rules adopted thereunder, or direct him or her to the appropriate public website to obtain this information, as required by Section 651.081(2)(a), Florida Statutes. In these instances, the examination was unable to determine if the newly elected President or Chair of the Residents' Council for the years 2015, 2016, 2017, 2018, and 2020, was provided the required information.

Finding 3:

Section 651.091(2)(d), Florida Statutes (2018), provides that each continuing care facility distribute a copy of the full annual statement and a copy of the most recent third-party financial audit filed with the annual report to the president or chair of the residents' council within 30 days after filing the annual report with the OIR.

South Port Square failed to provide documentation to demonstrate that the President or Chair of the Residents' Council was provided a copy of the full annual statement for the calendar years ended 2014, 2015, and 2016, as required by Section 651.091(2)(d), Florida Statutes (2018). In these instances, the examination was unable to determine if the required information was provided.

Finding 4:

Section 651.091(2)(d), Florida Statutes (2018), provides that each continuing care facility distribute a copy of the full annual statement and a copy of the most recent third-party financial audit filed with the annual report to the president or chair of the residents' council within 30 days after filing the annual report with the OIR.

South Port Square failed to provide documentation to demonstrate that the President or Chair of the Residents' Council was provided a copy of the third-party financial audit for the calendar year ended 2016, as required by Section 651.091(2)(d), Florida Statutes (2018). In this instance, the examination was unable to determine if the required information was provided.

Finding 5:

Section 651.091(2)(g), Florida Statutes (2018), provides that each continuing care facility shall deliver to the president or chair of the residents' council a copy of each quarterly statement within 30 days after the quarterly statement is filed with the OIR if the facility is required to file quarterly.

South Port Square failed to provide documentation to demonstrate that a copy of the quarterly statement was delivered to the President or Chair of the Residents' Council within 30 days after the quarterly statement was filed with the OIR, as required by Section 651.091(2)(g), Florida Statutes (2018). The examination was unable to determine if the following quarterly statements were provided: December 31, 2014; March 31, 2015; June 30, 2015; September 30, 2015; December 31, 2015; March 31, 2016; June 30, 2016; September 30, 2016; December 31, 2016; March 31, 2017; June 30, 2017; and September 30, 2017.

**Minimum Liquid Reserve**

As of December 31, 2020, South Port Square's Minimum Liquid Reserve was funded in accordance with Section 651.035, Florida Statutes.



## **Summary of Recommendations**

### CANCELATIONS AND REFUNDS

The OIR recommends South Port Square ensure refunds are timely issued, in accordance with Section 651.055, Florida Statutes.

### QUARTERLY MEETING WITH RESIDENTS

The OIR recommends South Port Square establish adequate procedures and controls to ensure that residents are provided at least 7 days' advance notice of each required quarterly meeting, in accordance with Section 651.085(1), Florida Statutes.

### ANNUAL REPORTS

The OIR recommends South Port Square establish adequate procedures and controls to ensure that wait list deposit information is accurately reported in its Annual Reports filed with the OIR, in accordance with Section 651.026(1), Florida Statutes.

### RESIDENTS' COUNCIL REQUIRED DISCLOSURES

Findings 1, 2, 3, 4, and 5: The OIR recommends South Port Square establish adequate procedures and controls to ensure that all required Residents' Council disclosures are properly delivered to the appropriate individuals, in accordance with Chapter 651, Florida Statutes. The OIR further recommends South Port Square obtain documentation to demonstrate the required disclosures provided.

## Conclusion

This Final Report of Examination is based upon the information provided to the OIR from CCRC – South Port Square, LLC, 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 and Kyle Barber, Financial Specialist.

Respectfully submitted,



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