

**Report on Examination**

**of**

**CC-Naples, Inc.**

**d/b/a**

**Vi at Bentley Village**

**Naples, FL**

**as of**

**June 30, 2018**



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## **SCOPE OF EXAMINATION**

The Florida Office of Insurance Regulation (“OIR”), Life & Health Financial Oversight unit conducted a routine examination of CC-Naples, Inc., 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 scope period of the examination was January 1, 2012 through June 30, 2018.

## **COMPANY HISTORY**

CC-Naples, a Delaware for-profit corporation was granted a certificate of authority by the OIR to offer continuing care contracts on April 2, 1984. CC-Naples d/b/a Vi at Bentley Village operates a continuing care retirement community (“CCRC”) facility located in Naples, Florida, that is operated by Classic Bentley Village, Inc., a Florida not-for-profit corporation and managed by Classic Residence Management Limited Partnership, an Illinois Limited Partnership. Classic Bentley Village and Classic Residence Management are affiliated with CC-Naples.

As of December 31, 2017, CC-Naples reported: 687 Continuing Care Units consisting of 598 Independent Living Units and 89 Assisted Living Units; 100 Skilled Nursing Units consisting of 93 Sheltered Beds and 7 Community Beds. As of that date, there were 844 individuals reported residing at the facility: 837 pursuant to a continuing care agreement; and 7 skilled nursing community patients (non-CCRC).

## **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

CC-Naples provided a list of 336 continuing care contracts canceled during the scope period of the examination. A sample of 70 contract cancelations was selected and reviewed to verify the amount of the refund due, if any, and whether refunds were properly issued. Of the 70 cancelations selected for review, 53 were eligible for refunds.

### Finding:

Section 651.055(1)(h), Florida Statutes, provides in part that each continuing care contract provide the terms governing the refund of any portion of the entrance fee. Section 651.055(1)(i), Florida Statutes, provides that each contract state the terms under which a contract is canceled by the death of the resident.

CC-Naples failed to timely issue a refund in accordance with the terms of the underlying continuing care contract, as required by Section 651.055(1)(h), Florida Statutes. This cancelation was due to the death of the resident. The applicable entrance fee refund provisions of the contract provided in pertinent part: the agreement shall automatically terminate upon death of the resident effective as of the date the resident's unit is vacated and you will receive your entrance fee refund within 120 days after the date of termination of the agreement. The unit was vacated on February 28, 2018, and the entrance fee refund was issued 146 days later on July 24, 2018.

### REQUIRED ESCROW DEPOSITS OR WAIVERS

CC-Naples provided a list of 396 continuing care contracts executed during the scope period of the examination. A sample of 53 transactions was selected and reviewed for compliance with Section 651.055(2), Florida Statutes.

#### Finding:

Section 651.055(2), Florida Statutes, provides in part that a resident has the right to rescind a continuing care contract within 7 days after executing the contract and during this rescission period the resident's funds must be held in an escrow account unless the resident requests the provider hold and not deposit the check during the 7-day period, pursuant to Section 651.033(3)(c), Florida Statutes.

In two instances, CC-Naples failed to maintain resident funds in an escrow account for the 7-day rescission period of the continuing care contract, as required by Section 651.055(2), Florida Statutes. In each instance, the funds were removed from the escrow account prior to the conclusion of the 7-day rescission period of the contract.

### REQUIRED DISCLOSURES

CC-Naples provided a list of 396 continuing care contracts executed during the scope period of the examination. A sample of 53 transactions was selected and reviewed for compliance with Sections 651.055(4) and 651.091(4), Florida Statutes, as well as, Section 651.091(3), Florida Statutes (2018).

Finding 1:

Section 651.055(4), Florida Statutes, provides in part 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 and 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 24 instances, CC-Naples failed to provide to prospective residents a typewritten or printed copy of the continuing care 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, as required by Section 651.055(4), Florida Statutes. Specifically, in 14 instances the statement acknowledging the receipt of a copy of the contract was executed after the transfer of money. In the remaining 10 instances, there were no signed and dated statements certifying a copy of the contract was provided prior to the transfer of money or property.

Finding 2:

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 disclosure documents to the prospective resident or his or her legal representative.

In 10 instances, CC-Naples failed to timely provide the required disclosure documents to the prospective residents or their legal representatives and/or provide for examination documentation that the required disclosures were provided, pursuant to Section 651.091(3), Florida Statutes (2018). In one instance, the disclosure documents were provided after the

individual signed the continuing care contract. In the remaining 9 instances, there were no disclosure document receipts or other documentation provided for examination to determine whether or not the required disclosures were properly provided to the prospective residents or their legal representatives.

Finding 3:

In one instance, CC-Naples failed to provide the prospective residents the required disclosure documents, pursuant to Section 651.091(3), Florida Statutes (2018). Specifically, the prospective residents signed the continuing care contract on October 12, 2017, on the continuing care contract form version 4.2016. The Receipt of Disclosure Statement signed by the prospective residents on August 28, 2017, certified receipt of the Vi at Bentley Disclosure Statement dated August 1, 2015. At the time the prospective residents signed the continuing care contract the current version of the disclosure documents filed with the OIR was Disclosure Statement dated 2017.5. No documentation was provided for examination to substantiate that the prospective residents were provided a current copy of the disclosure documents which would have included a copy of the continuing care contract form 4.2016 prior to signing the contract.

Finding 4:

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 disclosure documents to the prospective resident or his or her legal representative. Section 651.091(3)(c), Florida Statutes, requires in part the disclosure of all ownership interests of the provider.

In nine versions of its disclosure documents, CC-Naples failed to fully disclose all ownership interests, as required by Section 651.091(3)(c), Florida Statutes. In all instances, the disclosure documents utilized by CC-Naples did not include ownership information pertaining to its parent company, CC-Development Group, Inc. The examination noted the following disclosure documents did not include this ownership information: 01/1/11, 6/24/12, 6/1/13, 9/30/14, 8/1/15, 1/1/16, 9/16{phases 1, 2, 3}, 9/16{phase 4}, and 5/17.

#### ANNUAL REPORTS

Section 651.026, Florida Statutes, requires a provider to file an Annual Report and such other information and data showing its conditions as of the last day of the preceding year.

#### Finding:

CC-Naples failed to accurately report information pertaining to wait list deposits in the 2014 and 2015 Annual Reports filed with the OIR, as required by Section 651.026, Florida Statutes. In both Annual Reports CC-Naples included Priority Reservation Agreement deposit information in the Waiting List Schedule of the Annual Reports.

#### **MINIMUM LIQUID RESERVE REQUIREMENTS**

As of June 30, 2018, CC-Naples' Minimum Liquid Reserve (MLR) was funded in accordance with Section 651.035, Florida Statutes (2018).



## **SUMMARY OF RECOMMENDATIONS**

### CANCELATIONS AND REFUNDS

The OIR recommends CC-Naples ensure refunds are issued in accordance with Section 651.055(1), Florida Statutes.

### REQUIRED ESCROW DEPOSITS OR WAIVERS

The OIR recommends CC-Naples establish adequate procedures and controls to ensure that during the during the 7-day rescission period of the continuing care contract resident funds are handled in accordance with Section 651.055(2), Florida Statutes.

### REQUIRED DISCLOSURES

Finding 1: The OIR recommends CC-Naples establish adequate procedures and controls to ensure that prior to the transfer of any money or other property a typewritten or printed copy of the contract is presented to the prospective resident and all other parties to the contract and a signed and dated statement is secured from each party to the contract certifying that a copy of the contract with the specified attachment was received, in accordance with Section 651.055(4), Florida Statutes.

Findings 2, 3 and 4: The OIR recommends CC-Naples establish adequate procedures and controls to ensure all prospective residents or their legal representatives are provided the required disclosure documents prior to entering into a continuing care contract, in accordance with Section 651.091(3), Florida Statutes, and documentation is obtained to substantiate compliance.

ANNUAL REPORTS

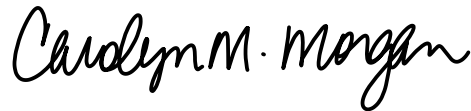
The OIR recommends CC-Naples ensure waiting list information is accurately reported in the Annual Reports filed with the OIR, in accordance with Section 651.026, Florida Statutes.

**CONCLUSION**

The Final Report of Examination is based upon the information provide to the OIR from CC-Naples, Inc., and additional research conducted by the OIR.

The following individuals from the Office of Insurance Regulation participated in the examination: Bernie L. Stoffel, Senior Management Analyst Supervisor; Alicia Thompkins-Perryman, APIR, Reinsurance Financial Specialist; Hannah Scott, Insurance Analyst II; and Lisa M. Parker, ASA, MAAA, APIR, Actuary.

Respectfully submitted,



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Director  
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Florida Office of Insurance Regulation  
Date Signed: February 3, 2023