



# **THE STATE OF FLORIDA**

## **OFFICE OF INSURANCE REGULATION MARKET INVESTIGATIONS**

**MARKET CONDUCT FINAL EXAMINATION REPORT**

**OF**

**THE MOST WORSHIPFUL GRAND LODGE OF FREE  
& ACCEPTED MASONS OF FLORIDA**

**d/b/a MASONIC HOME OF FLORIDA**

**AS OF**

**March 31, 2013**

**FLORIDA COMPANY CODE 88052**

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## **PURPOSE AND SCOPE OF EXAMINATION**

The Office of Insurance Regulation (Office), Market Investigations unit, conducted a periodic market conduct examination of The Most Worshipful Grand Lodge of Free & Accepted Masons of Florida d/b/a Masonic Home of Florida (hereinafter "Masonic Home of Florida") pursuant to Section 651.105, Florida Statutes. The scope period of this examination was from April 1, 2010 through March 31, 2013. The on-site and desk examination procedures were completed on February 12, 2014.

The objective of the examination was to determine the extent of compliance with the provisions of Chapter 651, Florida Statutes and Chapter 690-193, Florida Administrative Code Rules. This market conduct examination did not encompass a financial compliance examination.

This final report is based upon information from the examiner's draft report, additional research conducted by the Office, and additional information provided by Masonic Home of Florida. This report is a report by exception, and the information within has been limited to identification of exceptions, errors or unusual problems noted during the examination.

## **COMPANY OPERATIONS**

Masonic Home of Florida, a not-for-profit Continuing Care Retirement Community located in St. Petersburg, Florida was granted a certificate of authority by the Office to offer continuing care contracts on June 11, 1980. As of March 31, 2013, Masonic Home of Florida reported: 102 Continuing Care Units, all of which were reported as Assisted Living Units; 85 skilled Nursing Units, all of which were classified as Sheltered Beds; and 20 Rental Units. As of the same date, Masonic Home of Florida reported 101 individuals residing at the community.

## **VALUE OF PROPERTY TRANSFERRED**

Masonic Home of Florida provided a list containing the 59 continuing care contracts executed during the scope period of the examination. A random sample consisting of 35 transactions was selected from the list and tested for compliance with Section 651.055(1)(a), Florida Statutes.

### **Findings:**

Section 651.055(1)(a), Florida Statutes, states that each continuing care contract "... must list all properties transferred and their market value at time of transfer, including donations, subscriptions, fees, and any other amounts, paid or payable by, or on behalf of the resident or residents."

## VALUE OF PROPERTY TRANSFERRED (Continued)

**In 29 instances, Masonic Home of Florida failed to list, in the contract, the market value of all properties transferred from the resident to the Masonic Home of Florida, as required by Section 651.055(1)(a), Florida Statutes.** Specifically, the property items transferred by the resident to Masonic Home of Florida were listed on the continuing care contract application; however, the corresponding market value was not listed.

**Recommendation:** The Office recommends Masonic Home of Florida establish adequate controls and procedures to ensure that each continuing care contract state the market value of all property transferred by the resident at the time of transfer.

## REQUIRED DISCLOSURES

Masonic Home of Florida provided a list containing 59 continuing care contracts executed during the scope period of the examination. A random sample consisting of 35 contracts was selected from the list and tested for compliance with Section 651.091(3), Florida Statutes.

### **Findings:**

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

1. **In 33 instances, Masonic Home of Florida failed to timely provide the required disclosure documents to the prospective resident or their legal representative, as required by Section 651.091(3), Florida Statutes.** In 18 instances Masonic Home of Florida delivered the disclosure documents after the prospective resident entered into the continuing care contract. In the remaining 15 instances Masonic Home of Florida failed to substantiate that the prospective residents or their legal representatives received the required disclosure documents.

1a. **Recommendation:** The Office recommends Masonic Home of Florida establish adequate controls and procedures to ensure all required disclosure documents are properly delivered to prospective residents or their legal representatives and documentation is obtained to demonstrate the disclosure requirements have been met.

### **Findings:**

Effective July 1, 2010, Section 651.091(3)(h), Florida Statutes, required the provider to include, as a required disclosure document, a copy of Section 651.071, Florida Statutes, entitled "Contracts as preferred claims on liquidation or receivership". Of the 35 contracts in the sample, 32 contracts were executed on or after July 1, 2010. All 32 transactions were reviewed to determine compliance with disclosure requirements of Section 651.091(3)(h), Florida Statutes.

## **REQUIRED DISCLOSURES (Continued)**

2. **In all 32 instances, Masonic Home of Florida failed to provide, as a required disclosure to the prospective resident or their legal representative, a copy of Section 651.071, Florida Statutes.**
- 2a. **Recommendation:** The Office recommends Masonic Home of Florida promptly include in its disclosure document a copy of Section 651.071, Florida Statutes, and file with the Office a true and complete copy of the full disclosure document before use. In addition, the Office recommends Masonic Home of Florida establish adequate controls and procedures to ensure management is aware of changes in Chapter 651, Florida Statutes and Rule 69O-193, Florida Administrative Code Rules.

## **EXAMINATION FINAL REPORT SUBMISSION**

The Office hereby issues this Final Report based upon information from the examiner's draft report, additional research conducted by the Office, and additional information provided by Masonic Home of Florida.