FLiCRA.COM
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The Resident CONNECTION

2nd Quarter 2024

President's Message

FLiCRA will be celebrating its 35th anniversary this year. It was the first organization of its kind in the United States and the brainchild of a group of CCRC residents who thought that there was a need for resident representation with the State Legislature.

So, 35 years later, of the 71 CCRCs in the state of Florida, FLiCRA has members in fifty-eight of those CCRCs, representing 12,000 residents around the state. We contract with three lobbyists who work on behalf of our members.

I thought you might be interested in what is happening in the CCRC world across the United States. Currently there are twelve states that have organizations patterned after FLiCRA, and the presidents of those organizations meet by zoom every couple of months to discuss issues that impact their residents. I sit in on those meetings.

I've highlighted a few of them for your information.

California (CALCRA) has 108 CCRCs in their state, of which 45 are members of their organization, representing 1,650 resident members.

Massachusetts (MLCRA) has 30 CCRCs in their state, of which 17 are members of their organization, representing 1,000 resident members.

Maryland (MaCCRA) has 36 CCRCs in their state, representing 2,600 resident members.

North Carolina (NorCCRA) has 64 CCRCs in their state, of which 41 are members of their organization, representing 5,260 resident members.

Washington State (WACCRA) has 23 CCRCs in their state, of which 18 are members of their organization, representing 1,100 resident members.

New Jersey (ORANJ) has 25 CCRCs in their state, all of which are members of their organization.

Very few CCRC resident associations like FLiCRA employ or contract with paid lobbyists. The other states are all volunteer driven.

Continued on Page 2

Issue at a Glance

2024 FLiCRA Board Of Directors

Continued from Page 1

Maryland's resident association employs one lobbyist and North Carolina's resident association is currently investigating employing someone. This is just a sampling of the twelve states but is a good representation of what is happening across the United States.

You can see the difference between FLiCRA and the other organizations and I hope you can appreciate how fortunate we are here in Florida to have such a strong organization looking after the interests of residents of CCRCs.

We can thank those original residents who produced the idea. The concept was a good one which put a strong organization in place. But we also must give credit to those who followed over the years, who kept FLiCRA the strong, vital organization that it is today. We've had great people who were willing to volunteer their time to serve not only on your local board, but also on the state board as well.

But I cannot end this article without mentioning Partners in Association Management, located in Tallahassee, which handles all of the administrative duties for FLiCRA.

Bennett Napier and his staff are equally responsible for our success and has kept our organization running like a well-oiled machine. Bennett has worked with FLiCRA since 1992 and opened Partners in Association Management in 1998. Bennett has worked with FLiCRA for thirty-two years and a number of his staff such as Lauren Asbell, CMP, and Eric Thorn, Esquire, have been with FLiCRA for nearly twenty of those years in different roles. We are fortunate to have them representing us with the State Legislature, in addition to their expertise in all CCRC matters.

Patricia Burdsall
FLiCRA President

SAVE THE DATE

FLiCRA 2024 Annual Conference & Chapter Delegates Meeting

October 24

Bay Village, Sarasota

FLiCRA 2024 Call for Nominations

DIRECTOR AT LARGE SEAT ON THE FLiCRA STATE BOARD OF DIRECTORS

The next slate of the state FLiCRA Board of Directors will be elected in the fall at the 2024 annual conference.

The date and location for the delegates' annual conference is October 24, 2024, to be held at Bay Village in Sarasota.

The association is seeking interested members to submit their names for consideration for an director-at-large seat this election cycle.

Director-at-Large Seat
There will be at least one director-at-large seat that will open on the board. Any interested candidate (statewide) can submit their name for consideration. The newly elected director would take office at the conclusion of the 2024 annual conference.

The Board of Directors for FLiCRA consists of a minimum of twelve members, at least four of which are directors-at-large. Previous service as a local chapter board member is not required but may be helpful in fulfilling the duties of a state board member.

Qualities and Duties of FLICRA State Board Members
The members of the FLiCRA state board of directors are the stewards of the association and are responsible for reflecting the views and interests of all of our members. The board also provides leadership, a shared vision and sense of mission for the association and is responsible for the fiscal health of the association.

A board member must be a current member of the association.

Effective boards of directors approach their role focusing on policy making not day-to-day operations of the organization.

FLiCRA Board Service Time Requirements
Each term on the board is a three-year term, and a board member can serve up to two consecutive three-year terms in a director position. Officers are elected by the board and those are one-year terms.

Service on the FLiCRA board requires attendance at a minimum of three meetings a year (February – ½ day meeting usually in person, May – by Zoom, November ½ day in conjunction with the annual conference).

FLiCRA board members are reimbursed for travel under the following policy: Board members may be reimbursed for mileage, lodging and meal expenses for attending FLiCRA meetings.

To assist in developing a slate of candidates, all members who are willing to serve for nomination to the state FLiCRA board of directors should submit their names, address, phone numbers, email address and a brief career bio by **July 26, 2024**.

Mail:
Nominations Committee Chair
c/o FLiCRA
325 John Knox Road, L103
Tallahassee, FL 32303

Email:
bennett@executiveoffice.org

CCRC FINANCE GUIDEBOOK

FLiCRA members can purchase copies of the **"CCRC Finances, A Guidebook for Members of CCRC Resident Finance Committees."**

The guidebook is intended to assist interested residents with achieving a basic understanding of their CCRC's financial position and performance as reflected in its financial statements and other key documents.

Printed guidebooks are available for $14.90 each and electronic copies are free. Orders can be placed by contacting the FLiCRA Office at (850) 906-9314 or by email at lauren@executiveoffice.org.

The Unisen Bankruptcy

Thank you for the opportunity to share my perspective of the recent Unisen Bankruptcy. To introduce myself, I am a current resident of Unisen. I am also a multi-term Past President of the Unisen Residents Association, formed in accordance with Florida Statutes, Chapter 651.

Unisen Senior Living began life in July, 2020, when the not-for-profit Tampa Life Plan Village (TLPV) purchased the assets of the Westport bankruptcy (dba University Village) with the proceeds from the sale of Florida tax-free bonds. This allowed the University Village Continuing Care Retirement Community (CCRC) to continue in business as Unisen Senior Living.

CCRCs promise future care for aging residents on receipt of an entrance fee. This insurance product is regulated by the Florida Office of Insurance Regulation (OIR). The OIR awarded a Certificate of Authority, allowing Unisen to sell Life Care contracts based upon submitted pro forma projections and the requirement of the bond covenants (Master Trust Indenture) for increases in the resident census enabling cash flow sufficient to meet expenses.

Thus, OIR was aware that census increases were required, the TLPV Board was aware, the Big Rock Partners (BRP) Management Company was aware, Unisen's Executive Director (the Management Company's agent) was aware, and Unisen's Director of Marketing and Sales was aware. All were aware Unisen's census could not cover expenses four years ago in July, 2020 when Unisen Senior Living was launched.

In July, 2020, OIR had a new chest of enforcment tools. In 2019, the OIR, FLiCRA and Leading Age had agreed on FS 651 statutory reforms, later passed by the Florida legislature and signed into law by the Governor.

Provisions for monitoring financially unstable CCRCs included:

Florida Statute 651.0261 authorized monitoring of quarterly and monthly statements for "Regulatory action level event(s)," which means that any two of the following have occurred:
(a) The provider's debt service coverage ratio is less than specified in provider's bond covenants
(b) The provider's days cash on hand is less than specified in the provider's bond covenants
(c) The occupancy of the provider's facility is less than 80 percent

From the outset, all three of these deficiencies were present at Unisen.

Florida Statute 651.018 authorized the OIR to place a facility in Administrative Supervision pursuant to Part VI of Florida Statutes Chapter 624. But the OIR did not intervene.

After two years of failing to increase census, the TLPV Board successfully requested the bondholder to ease the terms of the Master Trust Indenture. Further, debt service reserve funds, accumulating, but not yet needed for interest payments, were released at about $450K per month to cover deficits in operations.

For several months, the residents on the Finance Committee were aware that the TLPV Board had asked Ziegler Investment Banking (the leading broker of CCRCs) to find a corporate affiliate or take-over partner as a potential solution.

By the March 2024 Finance meeting, no corporate white knight had appeared. But we were informed that at the current rate of draw, sufficient debt service reserves existed for another 8-10 months of operations. Sales and marketing under new vigorous leadership would slow the rate of draw and prolong survival, with an expectation of eventual cash flow balance.

The next month, on April 5, 2024, the Unisen resident community was asked to attend an announcement by the President of the TLPV Board. He announced that TLPV would be filing for Chapter 11 bankruptcy that afternoon and that Unisen would close its doors when the bankruptcy was complete, in 60-90 days.

Our elderly residents were frightened and distressed by the prospect of losing their home and seeing close friends move away. Many had sold their houses to pay the entry fees at University Village or at Unisen, thinking they would never need another home. They no longer had the resources to buy into another Continuing Care Community. Most would have to move into senior rental housing, facing the possibility of outliving their resources and the financial burden falling on their families if higher levels of care were ever needed; a circumstance they had hoped to avoid by moving into a CCRC.

Tampa Life Plan Village, Inc (the Debtor) proposed several motions in U.S. Bankruptcy Court on Thursday, May 9. Judge Roberta Colton presided.

The major item of interest was the Debtor's Motion to Approve the Resident Transition Plan (Doc 8). This motion informed the Court that the Unisen CCRC cannot sustain operation at its current less than 25% occupancy. A proposed sale and repurpose will "yield the highest and best value for the property." The Transition Plan continues, "Residents cannot remain in the community...as the Debtor cannot continue operating as a CCRC." and "(new Unisen) Entrance Fee Residents will be offered $25,000 each to assist and cover the costs of relocating to a new community. In addition, the Debtor proposes to return the remaining unamortized entrance fees...Legacy (former University Village) Residents will be offered $30,000; and Rental Residents will be offered $10,000." The debtor gave the Judge a proposed order granting the motion and stating that the transition payments would come from "postpetition senior secured financing" placing the loan funding of the Transition Plan as a secured loan ahead of all other loans.

With the guidance of attorneys for The Official Committee of Unsecured Creditors, I along with current Resident Association President, Mickey Castor, objected and asked for a delay in approving the Transition Plan because current residents were not represented on the Unsecured Creditors Committee, the proposed method of closure of a CCRC violated Chapter 651 of the Florida Statutes, and the substantial financial losses of unreturned entry deposits and subordinated notes from the first bankruptcy were not considered.

Judge Colton called a recess tentatively approving the Transition Plan, but asking attorneys for the debtor, creditor and Committee to negotiate the method of transition plan funding (ie. there was no agreement on the proposal for a 'superpriority' secured loan).

On Friday, May 10, 2024, Judge Colton was prepared to hear evidence presented by the debtor, the Committee and the Residents. But overnight, the debtor and the lender agreed to drop the proposal for Transition Plan funding by superpriority loan and treat the Transition Plan loan (Pari-Passu) no differently than existing creditor claims. Also, the U.S. Trustee added residents Mickey Castor and Tony McKenna to the Committee of Unsecured Creditors.

Satisfied that the Transition Plan funding was resolved, Judge Colton heard no evidence of resident distress or compromise of Florida Statutes. She entered Final Orders approving the Transition Plan on revised terms as outlined in open court.

OIR's only action was to subpoena Unisen records and request authority to monitor the Transition Plan. The Judge also gave orders approving Bid Procedures In Connection With The Sale Of Substantially All Of The Debtors Assets, and Scheduling An Auction and Sale Hearing. The TLPV assets will go to auction on June 14.

While it is possible that a bidder might seek to reopen a senior community, speculation suggests that student housing is more likely.

Presented to the Freedom Plaza FLiCRA Board
Melvyn Tockman, M.D., Ph.D.
May 20, 2024

Florida's 125% Surge in Property-Insurance Bills Sows Havoc

For Filicia Porter, the insurance bills were the final straw. They'd been climbing steeply for her assisted-living business as Florida was battered with ever more-powerful storms, and eventually, the numbers stopped adding up.

So in March 2024, she finally decided to call it quits, shutting the facility near Palm Beach that she opened just two years ago. That came four months after she closed an older location in Port St. Lucie, opened in 2017. Together, they left a dozen residents scrambling to find another place to live.

"Each year you see a rise. Why pay more?" said Porter, who first started The House of Cares to capitalize on the burgeoning demand for elder care as baby boomers flooded into the Sunshine State. But now, as her premiums soared on top of all her other costs, she just couldn't "continue to deplete" herself.

Porter is just one small example among many in Florida, where two major, generational forces are colliding: The toll of climate change, and the challenge of caring for an aging society. Drawn to the state's warm weather and low taxes, baby boomers have been piling into the retirement haven for years, leaving it with one of the most elderly populations in the US. That's turning it into a harbinger for other states as the consequences of rising temperatures ripple through the economy in ways few had envisioned.

With Florida being threatened by more powerful hurricanes, commercial-property insurance costs last year surged at nearly five times the national pace, according to credit rating firm AM Best Co. Inc. That's slapping what care providers say is effectively a new - if little noticed - tax on an industry already contending with labor shortages, soaring wages and rising supply costs.

The result? More and more nursing homes are closing down each year, while others are missing debt payments. At the same time, the costs for senior care - at all levels from independent living to around-the-clock nursing - are rising, threatening to become unaffordable for a growing number of retirees.

"We are headed into a train wreck," said Pilar Carvajal, founder and CEO of Innovation Senior Living, a Winter Park-based operator with 339 residents at its facilities, which offer services including memory care and assisted living. Its insurance costs jumped at least 50% in the past five years. "We need help to solve this societal problem," she said.

While climate change has pushed commercial-property insurance premiums up nationwide, few places have been hit harder than Florida. In the five-year period ending 2023, costs surged 125%. Last year, annual premiums soared about 27% in the state - for the second year in a row - while nationwide the growth rate slowed to nearly 6% from about 15%, according to AM Best.

"We have many clients that can't afford the coverage," said Patrick McConachie, senior vice president at Marsh McLennan Agency in Tampa, who helps senior-living operators negotiate policies. "In a lot of cases in Florida recently, the operator will simply turn the keys back over to the landlord."

Palm Garden Healthcare shuttered its assisted-living facility earlier this year because of skyrocketing costs, said President and CEO Rob Greene. The property insurance bill for his 14-location nursing home chain more than doubled in two years to $2.2 million. And although Greene is paying more to be insured, he said the coverage for $75 million in damages is far below the at least $200 million he needs.

So far, Palm Garden hasn't experienced any major storm damage since it opened for business in the late 1980s, but "come June, we get a little bit nervous," Greene said.

From 2019 to 2023, damage from natural disasters like tropical cyclones and severe storms at least doubled to as much as $200 billion from the 10 years prior, according to the National Centers for

Environmental Information. That five-year tally includes Hurricane Ian - the third-costliest hurricane in US history.

The mounting claims led a few property insurers to fold, driving up rates. But this year, seven new firms are expected to enter the market, according to Mark Friedlander, director of corporate communications at the Insurance Information Institute. And negotiations with reinsurers went well, which could mean flat or smaller premium increases this year, said Jack Walker, senior sales executive at AssuredPartners, an Orlando-based insurer specializing in senior living.

However, until that happens, operators like Innovation and Palm Garden have to find ways to pay the ballooning bills. Palm Garden's elders qualify for Medicaid, but the reimbursements are never enough, according to Greene. "We don't have the luxury of like, a McDonald's, of being able to pass on costs," he said.

For operators serving more affluent retirees that can raise and pass the price on, even they will at some point become "unaffordable," said Margaret Johnson, senior director at Fitch Ratings.

"Residents are feeling the pinch," said Raoul Nowitz, senior managing director at SOLIC Capital Advisors, who specializes in restructuring for distressed companies and investment banking. And operators are struggling to have enough cash flow to cover debt, he added.

While the spike in insurance costs is a major problem for all groups in Florida - from homeowners to hotels - it's particularly crippling for this industry. Fitch's Johnson has a negative credit outlook on the sector.

When he speaks with chief financial officers of Florida senior-living communities, labor and property-insurance costs are "at the top of the list of things that keep them up at night," said Richard Scanlon, senior managing director at B.C. Ziegler and Company.

A majority of first-time payment defaults on debt issued for Florida retirement communities since 2009 took place after the pandemic - 21 out of 34 - according to Municipal Market Analytics. The default rate for senior living in Florida stands at 18% - more than twice the nearly 8% national rate, according to data compiled by Bloomberg.

That strain has been causing dozens of facilities to shutter. In the five years ending 2023, an average of 146 nursing homes or assisted-living facilities have closed each year, according to data from the Florida Agency for Health Care Administration. Within that period, 2022 saw the most closures - coinciding with Hurricane Ian's landfall along with the winddown of federal pandemic aid.

The steady closures occur as demand grows and prospects of new facilities dim. Florida is the nation's second fastest-growing state based on population behind Texas, according to the US Census Bureau, and ranks second among US states for its elders, with about 22% aged 65 and over, compared to just 17% for the entire US.

New facilities have to open at a faster rate to keep up with the expanding demographic, said Lisa Washburn, chief credit officer at Municipal Market Analytics, adding that "construction has slowed significantly" across the US. There needs to be some sort of governmental involvement to subsidize or facilitate building, she said.

"In Florida you may not have an income tax," but insurance is a tax, said Washburn.

Following Hurricane Ian, Carvajal had to install a $200,000 new roof on one of her six facilities to continue to be insured.

"How do you make it work when things like property insurance just are becoming so onerous and unpredictable?" she said. "Looking into the future, if things are going to get worse, I don't know what we're going to do."

Written by Lauren Coleman-Lochner and Melina Chalkia, Bloomberg

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OIR Provides Update on Florida's Strengthening Property Insurance Market

In May 2024, the Florida Office of Insurance Regulation (OIR) issued an update on the continued strengthening of Florida's property and casualty insurance market, including that property insurance rate filings for 2024 show a downward trend for the first time in years, indicating the continued stabilization of the property insurance market.

Market Update: OIR continues to see overall market stabilization following the historic legislative reforms of 2022 and 2023 that enhanced protections for consumers, strengthened Citizens Property Insurance Corporation, and encouraged investment.

Rate Filings: Rate filings for 2024 show a slight trend downward for the first time in years, indicating stabilization of the property insurance market. Ten companies have filed a zero percent increase and at least eight companies have filed a rate decrease to take effect in 2024.

Reinsurance: The 2023 reinsurance market responded positively to these reforms. Early signs from the 2024 reinsurance purchasing season show further positive indications. Reinsurance is a direct and significant cost to consumers and relief in this area is a significant sign that the reforms are working.

Financial Strength: After years of consecutive underwriting losses, the insurers saw overall stability with many companies reporting a net profit in 2023.

Market Snapshot: As of Q4 2023, there are approximately 7.45 million residential insurance policies in force in the Florida property market.

• 81% of those policies are written by admitted insurers, as opposed to Surplus Lines companies or Citizens Property Insurance Corporation.

• Eight new companies have been approved to write homeowners policies in Florida since the reforms, and an additional company was acquired to expand its footprint in the state.

Citizens Property Insurance Corporation: Approximately 389k policies have been taken out of Citizens from January 2023 through March 2024.