

JACQUELINE K. CUNNINGHAM
COMMISSIONER OF INSURANCE
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE



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February 1, 2013

Administrative Letter 2013-01

To: Continuing Care Retirement Communities

Re: Supplemental Information and Other Required Disclosures

Section 38.2-4902 A 15 of the Code of Virginia allows the State Corporation Commission to require disclosure of material information in the disclosure statement filed by Continuing Care Retirement Communities ("CCRC"). In order to assist residents in understanding the financial position and the results of operations of a CCRC, we ask that each provider include supplemental information on its facilities and other consolidated entities in its audited financial statements for the two most recent years. In addition, we ask that each provider include a summary of the financial condition of each facility. Please find attached the format samples for the supplemental and financial summary information. We ask that this information be included in the provider's next annual filing with the State Corporation Commission Bureau of Insurance.

Section 38.2-4904 A of the Code of Virginia requires the provider to make the annual disclosure statement available by written notice to each resident at no cost. In accordance with § 38.2-4904 D of the Code of Virginia, the provider should amend its currently filed disclosure statement at any time if an amendment is necessary to prevent the disclosure statement from containing any material misstatement of fact or failing to state any material fact required. The provider must file any amendment with the State Corporation Commission Bureau of Insurance before distributing it to any resident. The provider is obligated to notify each resident of the existence of any such amendment or amended disclosure statement.

An amendment would be required if the provider has concerns about its ability to continue as a going concern, is unable to perform fully its obligations pursuant to its contracts due to financial instability, or has any problems with meeting the terms of its debt obligations. The State Corporation Commission Bureau of Insurance should be notified *immediately* of any such financial concerns.

Sections 38.2-4910 A and B of the Code of Virginia require the provider to hold meetings at least quarterly with the residents or representatives elected by the residents of the continuing care facility for the purpose of free discussion of issues relating to the facility. These issues may include income, expenditures and financial matters as they apply to the facility and proposed changes in policies, programs, facilities and services. The provider is required to give the resident's organization a copy of all submissions to the Commission. The provider is also required to give residents seven days' notice of each meeting.

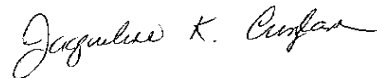
Questions concerning this administrative letter may be addressed to:

Ms. Daryl Hepler
Senior Insurance Financial Analyst
(804) 371-9999
Daryl.Hepler@scc.virginia.gov

Or

Ms. Toni Janoski
Senior Insurance Financial Analyst
804-371-9945
Toni.Janoski@scc.virginia.gov

Sincerely,

A handwritten signature in cursive script, appearing to read "Jacqueline K. Cunningham".

Jacqueline K. Cunningham
Commissioner of Insurance

Attachments

Company Name
Sample - Consolidating Balance Sheet
As of Date

	<u>Facility 1</u>	<u>Facility 2</u>	<u>Facility 3</u>	<u>Other Subsidiaries</u>	<u>Eliminations</u>	<u>Combined</u>
Assets						
Current Assets						
Cash and Cash Equivalents						
Current Portion of Assets Limited as to Use						
Accounts Receivable						
Prepaid Expenses						
Supplies Inventory						
Other Current Assets						
Total Current Assets						
Assets Limited as to Use						
Externally Restricted						
Internally Restricted						
Investments						
Property Plant and Equipment						
Other Assets						
Deferrals						
Total Assets						
Liabilities and Net Assets						
Current Liabilities						
Current Potion of Long-Term Debt						
Accounts Payable and Accrued Expenses						
Accrued Salaries and Wages						
Other Accrued Expenses						
Current Portion of Refundable Advance Fees						
Interest Payable						
Total Current Liabilities						
Advance Fees and Deposits						
Deferred Revenue from Advance Fees						
Obligation to Provide Future Services						
Other Liabilities						
Total Liabilities						
Net Assets						
Unrestricted						
Temporarily Restricted						
Permanently Restricted						
Total Net Assets (Deficit)						

Company Name
Sample - Consolidating Statement of Operations
As of Date

	<u>Facility 1</u>	<u>Facility 2</u>	<u>Facility 3</u>	<u>Other Subsidiaries</u>	<u>Eliminations</u>	<u>Combined</u>
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Revenues

Monthly Resident Fees - IL						
Amortization of Deferred Revenue						
Assisted Living Services						
Health Care Services						
Investment Income						
Other Revenues						
Total Revenues						

Expenses

Advertizing and Marketing						
Depreciation and Amortization						
Dining Services						
General and Administrative						
Insurance						
Interest						
Management Fees						
Medical Supplies						
Nursing Services						
Other						
Resident Programs						
Resident Services						
Salaries						
Taxes and License Fees						
Utilities						
Total Expenses						

Operating Income (Loss)						
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**Sample
Summary of Financial Information
Facility Name
As of Date**

Current Year

Prior Year

Total Assets

Total Liabilities

Total Net Assets

Total Revenues

Total Expenses

Operating Income (Loss)

Net Income (Loss)

Narrative on financial condition:

Occupancy Information:	Capacity of Units	Average Occupancy	Percentage Occupancy
Independent Living			
Assisted Living			
Nursing			