



North Carolina Department of Insurance

Financial Analysis & Receivership Division

Special Entities Section

1203 Mail Service Center

Raleigh, NC 27699-1203

Submit electronically to: SpecialEntitiesSubmissions@ncdoi.gov

Application for Continuing Care Retirement Community License (Step #2 - Start-Up Certificate)

To the Commissioner of Insurance of the State of North Carolina:

In accordance with Chapter 58 Article 64 of the North Carolina General Statutes ("GS"),

Name of Applicant

hereby makes application to the Commissioner of Insurance of the State of North Carolina for a Start-Up Certificate for the facility (to be) known as:

Name of Facility

And located at:

Address

City

County

It is understood that the licensing process in North Carolina involves a series of steps, and only upon the completion of all the steps, will a permanent license be issued. It is further understood that the application submitted herewith is for a Start-Up Certificate, which, upon issuance, gives an applicant the authority to enter into binding reservation agreements or resident agreements, begin site preparation work, and construct model units for marketing.

PART I – GENERAL INTERROGATORIES

1. Applicant Information:

Legal Name of Applicant: _____

Mailing Address: _____

City: _____ State: _____ Zip Code: _____

Phone Number: _____ Website: _____

Federal Tax Identification Number: _____ Tax - Status: For-Profit ☐ Not-For Profit ☐

Type of Legal Entity: _____ Fiscal Year-End (MM/DD): _____

Name of Chief Executive Officer or Equivalent: _____

2. Person to whom all correspondence and inquiries pertaining to this application are to be directed:

Name: _____

Title: _____

Company: _____

Mailing Address: _____

City: _____ State: _____ Zip Code: _____

Phone Number: _____ Fax Number: _____

E-mail Address: _____

3. Facility Information:

Name of Facility: _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

Phone Number: _____ Website: _____

Toll-Free Number: _____

4. Number of (proposed) Units/Beds at the Facility:

Type	Count	%
Independent Living Units		
Licensed Adult Care Home Beds		
Licensed Nursing Beds		
Total		100%

5. What type of continuing care contract and fee structure will be offered at the proposed facility?

Type A (Life Care)	<input type="checkbox"/>
Type B (Modified)	<input type="checkbox"/>
Type C (Fee for Service)	<input type="checkbox"/>
Non-Refundable	<input type="checkbox"/>
Refundable	<input type="checkbox"/>
Condominium/Ownership Model	<input type="checkbox"/>
Rental	<input type="checkbox"/>

6. Answer the following:

- a) Has the applicant, or any entity affiliated with or controlling the applicant, ever been convicted of a felony or pled nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment, if such action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property, or are such actions currently pending?

Yes ☐ No ☐

- b) Is the applicant, or any entity affiliated with or controlling the applicant, currently the subject of an injunctive or restrictive court order, or within the past five years, had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, if the order or action arose out of or related to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for the aged, or facility subject to GS § 58-64 or a similar law in another state?

Yes ☐ No ☐

- c) Is the applicant the owner of the proposed facility site?

Yes ☐ No ☐

- d) Does the applicant intend to employ a management company to operate the facility?

Yes ☐ No ☐

- e) Is or will any part of the facility (i.e. ground, buildings, etc.) be leased from any other entity?

Yes ☐ No ☐

- f) Is or will any part of the facility (i.e. ground, buildings, etc.) be leased to any other entity?

Yes ☐ No ☐

g) Will all contracted health-care be provided on-site?

Yes ☐

No ☐

h) Has the facility been constructed?

Yes ☐

No ☐

PART II - EXHIBITS

All exhibits listed below must be submitted. If the exhibit(s) are not applicable or available, submit an explanation in place of the required exhibit(s) stating the reason(s) why they are not available or applicable.

Submit the following exhibits:

- Exhibit I - A copy of all current documentation concerning the legal organization of the applicant, including the corporate charter, bylaws, partnership agreement, articles of incorporation, articles of association, membership agreement, trust agreement, or similar instruments and agreements pertaining to the legal organization of the applicant.
- Exhibit II - If the applicant is an entity other than an individual, the following information shall be submitted:
- (1) A statement identifying the applicant's type of legal entity and listing the interest and extent of the interest of each principal in the applicant. For the purposes of this paragraph, "principal" means any person or entity having a financial interest in the applicant of 10 percent or more.
 - (2) A list of the names and business addresses of the applicant's governing body.
 - (3) A statement indicating whether the applicant is affiliated with a religious, charitable, or non-profit organization, and the extent of any affiliation. The statement shall also include the extent, if any, to which the affiliate organization will be responsible for the financial and contractual obligations of the applicant and, if applicable, shall be signed by a responsible officer of the affiliate organization.
 - (4) A statement identifying any parent entity or other affiliate entity, including the name, address, and name of the entity's chief executive officer, the primary activities of each entity identified, the relationship of each entity to the applicant, and the interest in the applicant held by each entity.
 - (5) An organizational chart that accurately reflects the applicant's relationship to all affiliated or controlling entities.
 - (6) Copies of all contracts, management agreements, or other documents setting forth the relationships with each affiliate entity.

- Exhibit III - A list of all continuing care retirement communities currently or previously owned, operated, managed, or developed by the applicant; any affiliate of the applicant; any entity controlling or controlled by the applicant, or principal thereof. Furnish the name, address, city, and state of each continuing care retirement community listed, and explain the existing or past relationship to the applicant. Specify the current status of each continuing care retirement community listed, and include any administrative actions or financial problems that currently exist, or have existed in the past. Include any such occurrences up to one year after any relationship was terminated.
- Exhibit IV - A description of the business experience of the applicant in the operation or management of a continuing care retirement community.
- Exhibit V - If the applicant intends to employ a management company to manage the continuing care retirement community, submit a copy of the proposed management agreement along with a narrative describing the management company's experience managing continuing care retirement communities.
- Exhibit VI - If the applicant intends to lease any part of the facility (i.e. grounds, buildings, etc.) from or to another entity, submit a copy of the lease or proposed lease agreement.
- Exhibit VII - If the applicant is not the owner of the proposed facility site, submit a statement identifying the current owner, and any plans the applicant has for acquiring the proposed facility site.
- Exhibit VIII - If health care will not be provided on-site, please submit an explanation describing where and by whom health care will be provided, and submit a copy of any agreement or proposed agreement between the applicant and the health care provider.
- Exhibit IX - If either question 6.a. or 6.b. of Part I are answered "Yes," submit a statement disclosing such matter.
- Exhibit X - A statement asserting whether the applicant is qualified, or intends to qualify, as a tax exempt organization under the Internal Revenue Code.
- Exhibit XI - A copy of the binding reservation agreement or resident agreement to be entered into between the resident and the applicant.
- Exhibit XII - A copy of the disclosure statement for the proposed continuing care retirement community, as required by GS § 58-64-20.

- Exhibit XIII - A copy of the audited financial statements for the two most recent fiscal years of the applicant, or such shorter period of time that the applicant has been in existence, prepared in accordance with generally accepted accounting principles, and accompanied by an independent auditor's report. *(This can be the copy included in the disclosure statement referred to in Exhibit XII.)*
- Exhibit XIV - A copy of the unaudited interim financial statements as of a date not more than 90 days prior to the date of the filing of the disclosure statement if the applicant's fiscal year ended more than 120 days prior to the filing date of this application. The statements shall be prepared on the same basis as the annual audited financial statements. *(This can be the copy included in the disclosure statement referred to in Exhibit XII.)*
- Exhibit XV - An actuarial report that projects move-in rates, resident profiles including couple mix by unit type, age distribution, assisted living and nursing unit utilization, and unit turnover or resale rates. The report must include the statement of an actuary estimating the capacity of the provider to meet its contractual obligations to the residents
- Exhibit XVI - A financial feasibility study and a market feasibility study that reasonably projects the feasibility of the proposed continuing care retirement community and are prepared by a firm or firms acceptable to the North Carolina Department of Insurance. These studies shall address and evaluate, at a minimum, all of the following items:
- (1) The applicant and its prior experience, qualifications, and management, including a detailed description of the applicant's proposed continuing care retirement community, its service package, fee structure, and anticipated opening date.
 - (2) The construction plans, construction financing, and permanent financing for the proposed continuing care retirement community, including a description of the anticipated source, cost, terms, and uses of all funds to be used in the land acquisition, construction, and operation of the continuing care retirement community. This proposal shall include, at a minimum, all of the following:
 - a. A description of all debt to be incurred by the applicant for the continuing care retirement community, including the anticipated terms and costs of financing.
 - b. A description of the source and amount of the equity to be contributed by the applicant.

- c. A description of the source and amount of all other funds, including entrance fees that will be necessary to complete and operate the continuing care retirement community.
 - d. A statement itemizing all estimated project costs, including the real property costs, the cost of acquiring or designing and constructing the continuing care retirement community, and all similar costs that the provider expects to incur prior to the commencement of operation. This itemization shall identify all costs related to the continuing care retirement community or project, including financing expenses, resident acquisition costs, marketing costs, and furniture and equipment.
 - e. An estimate of any proposed reserves required for items such as debt service.
 - f. An estimate of the amount of funds, if any, that will be necessary to fund start-up losses, fund the statutory operating reserve, and to otherwise provide additional financial resources in an amount sufficient to ensure full performance by the provider of its continuing care contract obligations.
- (3) An analysis of the potential market for the applicant's continuing care retirement community, addressing such items as:
- a. A description of the service area, including its demographic, economic, and growth characteristics.
 - b. The types of services and amenities desired, and the forms of ownership or interest in real property preferred.
 - c. A forecast of the market penetration the continuing care retirement community will achieve based on the proposed fee structure.
 - d. Existing and planned competition in the primary market area.
- (4) A detailed description of the sales and marketing plan, including all of the following:
- a. Marketing projections, anticipated sales, and cancellation rates.
 - b. Month-by-month forecast of unit sales through stabilized occupancy.
 - c. A description of the marketing methods, staffing, and advertising media to be used by the applicant.
 - d. An estimate of the total entrance fees to be received from residents prior to opening the continuing care retirement community.
- (5) Projected move-in rates and resident profiles, including couple mix by unit type, age distribution, assisted living and nursing unit utilization, and unit turnover or resale rates.

- (6) A description or analysis of costs and revenues throughout the development and resident fill-up period of the proposed continuing care retirement community.
- (7) Forecasted financial statements for the period commencing on the first day of the applicant's current fiscal year through at least the fifth year of operation. The forecasted financial statements shall be prepared on an accrual basis using the same accounting principles and procedures as the audited financial statements furnished pursuant to Exhibit XIII.

Exhibit XVII - Identify and explain how and by whom the following goods and services will be furnished, and the relationship, if any, to the applicant. If the entity furnishing such services is other than the applicant, submit a copy of the contract or agreement, or other documents which evidences the arrangement, and state whether or not the contract or arrangement is the result of "arms length" negotiations, a bid, or, if otherwise, explain:

- (1) Food
- (2) Health Care
- (3) Management
- (4) Construction
- (5) Construction Financing
- (6) Permanent Financing
- (7) Land
- (8) Marketing

Exhibit XVIII - A copy of all advertising proposed to be used in marketing the proposed continuing care retirement community that has not been previously submitted to the Department.

Exhibit XIX - Mail a check for \$1,000.00 made payable to the North Carolina Department of Insurance.

PART III - ATTESTATION OF APPLICANT

Under the penalties of perjury, I attest that I have reviewed this application and accompanying information, and to the best of my knowledge and belief it is true, correct, and complete. I on behalf of

(Name of Applicant(s))

hereby accept in good faith the terms and obligations of the Insurance Laws of the State of North Carolina, presently existing, or enacted in the future, as a part of the consideration for a Start-Up Certificate, and that said Applicant has neither directly nor indirectly violated any of the provisions of the said Insurance Laws and of all acts amendatory or supplementary thereto. It is also understood that said Certificate may be revoked as provided for in said laws.

It is further agreed that the Applicant will keep the North Carolina Department of Insurance informed of any material changes regarding the applicant, the proposed continuing care retirement community, or to any of the information contained within this application.

I as a duly authorized officer, principal, general partner, or trustee, am authorized to make and sign this statement on behalf of the Applicant.

Date: _____

Signature: _____

Name (type or print): _____

Title: _____

***** General Instructions *****

Application for Continuing Care Retirement Community License (Step #2 – Start-Up Certificate)

I. Governing Law and Rules:

Continuing care providers in North Carolina are regulated pursuant to Chapter 58, Article 64 of the North Carolina General Statutes, and Title 11, Subchapter 11H of the North Carolina Administrative Code.

II. General:

- A. Please complete the application in its entirety. Each question must be answered or contain a “N/A,” “none,” or “not applicable” where appropriate. Applications containing unanswered questions will be considered incomplete.
- B. If the space provided on the application is insufficient for a full and complete response to any question, and additional space is necessary, a separate page, cross-referenced to the specific item or question asked may be submitted with the application.
- C. The application fee of one thousand dollars (\$1,000.00) must be mailed to the North Carolina Department of Insurance.

III. Processing and Review:

- A. The completed application is to be submitted electronically to:

SpecialEntitiesSubmissions@ncdoi.gov

- B. All checks are to be made payable to the “North Carolina Department of Insurance.”
- C. Questions or inquiries are to be directed to:

*North Carolina Department of Insurance
Financial Analysis & Receivership Division
Special Entities Section
1203 Mail Service Center
Raleigh, NC 27699-1203
(919) 807-6178 or (919) 807-6612
SpecialEntitiesSubmissions@ncdoi.gov*

- D. Within 10 business days following the receipt of the complete application **in proper form**, the Department shall issue a “Notice of Filing” to the applicant.
- E. Within 90 days of the “Notice of Filing,” the Department shall either approve the application, consider the application complete and having met the requirements of N.C.G.S. § 58-64, or notify the applicant that its application is incomplete or inadequate.
 - 1. An application shall be considered having met the requirements of GS § 58-64 if:
 - a. The application is complete;
 - b. The financial feasibility study and the market feasibility study reasonably project the feasibility of the proposed continuing care retirement community;
 - c. The audited financial statements demonstrate the financial soundness of the applicant; and
 - d. The applicant is not in violation of any applicable provisions of Chapter 58 of the North Carolina General Statutes.
 - 2. If the application is determined by the Department to not meet the requirements of GS § 58-64, the Department shall identify the deficiencies in the application, and shall give the applicant 30 days within which to correct the deficiencies.
 - a. If the deficiencies are not corrected within the time allowed, the Department may enter an order rejecting the application. The order shall include the findings of fact upon which the order is based, and will not become effective until 20 days after the end of the 30-day period.
 - b. During the 20-day period, the applicant may petition for reconsideration and will be entitled to a hearing.

IV. Acquisitions and Mergers:

In accordance with GS § 58-64-15, Start-Up Certificates, Preliminary Certificates, and Permanent Licenses are non-transferable. In the event of a proposed acquisition, merger, or change in control, the provider is to contact the North Carolina Department of Insurance for further instructions.

V. Required Report Filings:

- A. After the issuance of a Start-Up Certificate, a provider must submit the following within 150 days following the end of each fiscal year:
 - 1. A revised disclosure statement setting forth current information required by GS § 58-64-20.
 - a. Where a provider owns or operates more than one facility, a consolidated financial statement is acceptable for the entire corporate entity in order to meet the requirements of GS § 58-64-20(a)(10), provided a separate balance sheet, statement of operations, and statement of changes in cash flow is submitted for each facility operated in North Carolina.

- b. If a provider owns or operates more than one facility in the State of North Carolina and files separate audited financial statements for each facility, a consolidated financial statement must also be submitted for the entire corporate entity in order to meet the requirements of GS § 58-64-20(a)(10).
- 2. An annual filing fee of \$1,000.00.
- B. Unless otherwise specified by the Department, each Start-Up Certificate holder must submit periodic sales, development, and financial reports, not less than quarterly, in a form prescribed by the Department.
- C. Failure to file any required report, in an acceptable form and by the applicable due date, could result in an administrative fine or such other action(s) as deemed appropriate by the Department.