



DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS

LIFE CARE PROVIDER PERMIT APPLICATION

Provider Name, State of Domicile, Home Office, Administrative/Mail, Facility Name, Facility Address, Number of: (Living Units, Assisted Living Units, Health Care Beds, Contract Holders), Contact Person (Name, Title, Telephone Number, Email Address)

Provider hereby applies for a Permit in accordance with the provisions of Arizona Revised Statutes, Title 20, Chapter 8, Article 1.

Upon filing this Application, we hereby apply for a character report and consent to having an investigation made as to the moral character, professional reputation and fitness of this organization or partnership and its officers, directors, partners and principals.

We authorize and request every person, firm, company, corporation, governmental agency, court, association or institution having control of any documents, records and other information pertaining to this organization or partnership, its officers, directors, partners and principals, to furnish to the Arizona Department of Insurance and Financial Institutions any such information, including documents, records, insurance department files regarding charges or complaints filed against any of the aforementioned persons, formal or informal, pending or closed, or any other pertinent data, and to permit the Arizona Department of Insurance and Financial Institutions or any of its agents or representatives to inspect and make copies of such documents, records and other information.

We hereby release, discharge and exonerate the Arizona Department of Insurance and Financial Institutions and the State of Arizona, their agents and representatives, and any person so furnishing information or the investigation made by the Arizona Department of Insurance and Financial Institutions.

As a condition precedent to and as a consideration for the issuance of the Permit to enter into life care contracts herein applied for, this Provider declares that it has complied with all laws of its state of domicile relating to such companies, and that it accepts the terms and provisions of the laws of the State of Arizona applicable to said Provider.

I certify that I have reviewed this Application. It is true, complete and correct to the best of my knowledge and belief.

Dated at _____ this _____ day of _____,

Signature of Chief Executive Officer Title

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1. Description of the physical property of the facility, including the exact legal description of the land and any improvements, and the name of the owner(s) of the property on which the facility is located.

2. The terms and conditions of the life care contracts to be used by the Applicant, including the services to be provided to residents and contract holders, pursuant to the contract and the fees or charges to be paid by residents and contract holders, including the method of payment of such fees or charges. *The life care contract shall provide that any person entering into the contract shall have a period of seven days within which to rescind the life care contract without penalty or further obligation beginning with the first full calendar day following the last to occur of the execution of the contract, the payment of an initial sum of money as a deposit or application fee or receipt of a copy of the Provider's most recent annual report if the Provider has filed an annual report with the Director pursuant to A.R.S. § 20-1807, or, if the Provider has not filed an annual report, a copy of the Provider's Application. In the event of a rescission, all money or property paid or transferred by the person shall be fully refunded by the Provider. A person shall not be required to move into a facility or begin receiving services in the person's private residence until after the expiration of the seven-day rescission period. [Attach copies of the life care contracts as exhibits].*

3. If the Applicant is not an individual, such as a corporation, partnership or trust, a statement naming the fiscal year end date that is the last day of a calendar month and the type of legal entity and listing the interest and extent of such interest of each principal in the entity. *For the purposes of A.R.S. § 20-1802, "principal" means any person or entity having a ten percent or more financial interest or, if the legal entity is a trust, each beneficiary of the trust holding a ten percent or more beneficial interest.*

4. If the Applicant is not an individual, the names of the members of the Board of Directors, officers, trustees or managing partners.

5. The estimated number of residents of the facility to be provided services by the Applicant pursuant to the life care contracts and the estimated number of contract holders who will receive services in their private residences with the right to future access to services, board and lodging at the facility.

6. A statement of the provisions that have been made or will be made to provide reserve funding or security by the Provider to enable the Provider to fully perform the Provider's obligations pursuant to life care contracts, including the establishment of escrow accounts, accounts in financial institutions, trusts or reserve funds.

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7. A statement as to whether the Applicant was or is affiliated with a religious, charitable or other nonprofit organization, the extent of any affiliation and the extent to which the affiliate organization will be responsible for the financial and contract obligations of the Applicant.

8. If the Applicant is a subsidiary corporation or the affiliate of another corporation, a statement identifying the parent corporation or the other affiliate corporation and the primary activities of the parent or other affiliate corporation.

9. A description of the business experience of the Provider in the operation of similar facilities and, if the facility will be managed on a day-to-day basis by a corporation or organization other than the Provider, a description of the business experience of the manager in the operation or management of similar facilities.

10. A statement as to whether the Applicant, a promoter, a principal, a parent or subsidiary corporation or an affiliate has had any injunctive or restrictive order of a court of record, or any suspension or revocation of any state or federal license or permit, arising out of or relating to business activity or health care applied against it, including without limitation actions affecting a license to operate a foster care facility, a health care institution, retirement home or a home for the aged.

11. A statement of any periodic rates to be initially paid by the residents and contract holders, the method by which the rates are determined and the manner by which the Provider may adjust the rates in the future. If the facility is already in operation, or if the provider operates one or more similar facilities within this state, the statement must include tables showing the frequency and average dollar amount of each increase in periodic rates at each facility for the previous five years or such shorter period as the facility may have been operated by the provider. If a Provider is providing services to a contract holder in the person's residence, the statement must include the frequency and average dollar amount of each increase in periodic rates for contract holders for the previous five years or any shorter period as the Provider has been providing services to contract holders in their private residences.

12. A statement of the terms and conditions under which a life care contract may be canceled by the Provider or resident or contract holder, including any health and financial conditions required for a person to continue as a resident or contract holder and any conditions under which all or any portion of the entrance fee will be refunded by the Provider.

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- 13.** If construction or purchase of the facility has not yet been completed, a statement of the anticipated source and application of the monies to be used in such purchase or construction, including all of the following:
- A.** An estimate of the cost of purchasing or constructing and equipping the facility including such related costs as financing expense, legal expense, land costs, occupancy development costs and all other similar costs that the provider expects to incur or become obligated for before the commencement of operations.
 - B.** An estimate of the total entrance fees to be received from residents on completion of occupancy.
 - C.** A description of any mortgage loan or other long-term financing intended to be used for the financing of the facility, including the anticipated terms and costs of such financing.
 - D.** An estimate of any funds which are anticipated to be necessary to fund start-up losses and to assure full performance of the obligations of the Provider pursuant to life care contracts including any reserve fund escrow required by the Director pursuant to A.R.S. § 20-1806.
- 14.** Certified financial statements of the Provider, promoter and manager as of a date not more than ninety days before the date the permit Application is filed, that shall include a balance sheet and the related statements of income, retained earnings or equity and changes in financial position for the three most recent fiscal years or any shorter period of time as the Provider, promoter or manager has been existence. Each of these statements shall be prepared in accordance with generally accepted accounting principles and reported on by a certified public accountant in accordance with generally accepted auditing standards. If the fiscal year ended more than ninety days before the date of filing, the Provider shall include an income statement, that need not be certified, covering the period between the date the fiscal year ended and a date not more than ninety days before the date the Application is filed. *[Attach as exhibits].*
- 15.** A feasibility study that shall include a financial forecast of the life care facility estimating the most probable financial position, results of operations and changes in financial position for the immediately succeeding five year period. The feasibility study must set forth the actuarial assumptions for determining that the project has sufficient revenues and funds, including reserves, for the project to continue as a viable operating concern. The study must include all of the following:
- A.** Beginning cash balance, and in the event that operation of the facility has not yet commenced, the beginning cash balance shall be consistent with the statement of anticipated source and application of funds described in Item 13.
 - B.** Anticipated earning on cash reserves.
 - C.** Estimates of net receipts from entrance fees, other than entrance fees included in the statement of source and application of funds required under Item 13, less estimated entrance fee refunds and a description of the actuarial basis and method of calculation for the projection of entrance fee receipts.
 - D.** An estimate of gifts or bequests if any are to be relied on to meet operating expenses.
 - E.** A projection of estimated income from fees and charges other than entrance fees, showing individual rates presently anticipated to be charged, including a description of the assumptions used for calculating the effect on the income of the facility of subsidized health services to be provided pursuant to the life care contracts.
 - F.** A projection of estimated operating expenses of the facility and for providing services in contract holders' private residences, including a description of the assumptions used in calculating the expenses, and separate allowances for the replacement of equipment and furnishings and anticipated major structural repairs or additions.
 - G.** An estimate of annual payments of principal and interest required by any mortgage loan or other long-term financing.

[Attach as exhibit].

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- 16.** An actuarial study prepared by a qualified actuary for the purpose of demonstrating that the project has sufficient revenues and funds, including reserves, for the project to continue as a viable operating concern. The actuarial study shall include a cash flow projection, an evaluation of the adequacy of current pricing structures and an analysis of the long-term relationship between the project's assets and liabilities. *[Attach as exhibit].*
- 17.** If the feasibility study required by Item 15 indicates that the Provider will have cash balances over and above two months' projected operating expenses of the facility, a description of the manner in which the reserve funds will be invested and the persons who will be making the investment decisions.
- 18.** Copies of the escrow agreements executed with an escrow agent pursuant to A.R.S. § 20-1804 and § 20-1806. *[Attach as exhibits].*
- 19.** An NAIC Biographical Affidavit Form 11 for each person listed in Item 4. *[Attach as exhibits].*

Notice – ARS § 41-1030(H) requires most Arizona government agencies to prominently print the provisions of ARS § 41-1030(B), (E), (F), and (G) on all license applications.

The following is the language in ARS § 41-1030(B), (E), (F), and (G):

B. An agency shall not base a licensing decision in whole or in part on a licensing requirement or condition that is not specifically authorized by statute, rule or state tribal gaming compact. A general grant of authority in statute does not constitute a basis for imposing a licensing requirement or condition unless a rule is made pursuant to that general grant of authority that specifically authorizes the requirement or condition.

E. This section may be enforced in a private civil action and relief may be awarded against the state. The court may award reasonable attorney fees, damages and all fees associated with the license application to a party that prevails in an action against the state for a violation of this section.

F. A state employee may not intentionally or knowingly violate this section. A violation of this section is cause for disciplinary action or dismissal pursuant to the agency's adopted personnel policy.

G. This section does not abrogate the immunity provided by section 12-820.01 or 12-820.02.