



Florida Office of Insurance Regulation

MINIMUM LIQUID RESERVE (MLR) CALCULATION

FLORIDA COMPANY CODE:

FLORIDA PROVIDER GROUP CODE:

FEDERAL EMPLOYER IDENTIFICATION NUMBER:

**MINIMUM LIQUID RESERVE CALCULATION
FILED BY**

(Continuing Care Provider)

FOR

(Continuing Care Facility)

**TO THE
FLORIDA OFFICE OF INSURANCE REGULATION**

Life & Health Financial Oversight
200 East Gaines Street Tallahassee, FL 32399 - 0331

FOR PERIOD FROM

[MM/DD/YYYY] TO [MM/DD/YYYY]

**MINIMUM LIQUID RESERVE (MLR) CALCULATION****GENERAL INSTRUCTIONS**

1. A Provider that holds more than one Certificate of Authority issued by the Office must complete and submit an MLR Calculation, including all supporting schedules, for each of its Facilities.
2. Submit this form electronically via the Office's system at <https://www.flor.com/iportal>.
3. **Attestation.** After completing the required report, at least two individuals must attest to the filing, as explained on the Attestation. Signatures affixed to the Attestation must be under seal of a notary public. After the Attestation(s) are physically signed and notarized, upload PDFs of them into filing. Please review the Attestation(s) to ensure that the name of the notary public, commission number, commission expiration date, and any required seal or stamp are visible on the form before submitting the filing.
4. This form, including all supporting schedules, must be completed and filed each year with the Annual Report, and may be required in the event of additional long-term financing or other occurrences that result in a change to the debt service or leasehold payments due during the fiscal year. Due dates for this form are provided below.
 - If the Provider's fiscal year-end is December 31, this form is due on May 1st.
 - If the Provider's fiscal year-end is not December 31, this form is due within 120 days of the last day of the Provider's fiscal year.
 - For a new Facility commencing operations, an updated version of this form and supporting schedules must be submitted no later than 30 days before the Provider requests the release of moneys held in escrow pursuant to Section 651.023(6), Florida Statutes. The Provider should reference the update to the Minimum Liquid Reserve calculation in the Periodic Filing requesting the release of initial entrance fees. If the Provider is requesting its release of initial entrance fees pursuant to Section 651.023(6), Florida Statutes, before an Annual Report Filing has been made, please submit it in the Periodic Filing requesting the release of funds.
 - For a Facility that has incurred additional financing or for which there has been a change in the aggregate amount of principal, interest, or leasehold payments due during the fiscal year, this form should be filed within 10 days from the date of closing of the new financing or change in the amount of payments due during the fiscal year.
5. In completing the first page of this filing, the "From" date refers to either:
 - the first day of a Provider's fiscal year if the Provider has previously secured release of moneys held in escrow have been released pursuant to Section 651.023(6), Florida Statutes;
 - for a new Facility commencing operations, the date the Provider intends to secure release of moneys held in escrow pursuant to Section 651.023(6), Florida Statutes, or
 - for a Facility that has incurred additional financing or for which there has been a change to the aggregate amount of all principal and interest payments due during the fiscal year on any mortgage loan or other long-term financing or a change to all leasehold payments and all costs relate to such payments, requiring a recalculation of the minimum liquid reserves, 61 days after the updated MLR Calculation is due to be filed.
6. **New Facilities.** For the first 12 months of operation, each Provider shall maintain in escrow an operating reserve equal to 30 percent of the total operating expenses projected in the feasibility study submitted with the Provider's application for issuance of a Certificate of Authority,
7. **Facilities in operation more than 12 months.** If a Provider has been in operation for more than 12 months, the total operating expenses is determined using the total operating expenses in the Annual Report. The total annual operating expenses is determined by averaging the total annual operating expenses reported to the Office by the number of annual reports filed with the Office within the preceding 3-year period, subject to adjustment if there is a change in the number of facilities owned.



8. Annualizing amounts. If any year for which revenue or expense data from the Annual Report is required to be used does not represent 12 full months of operation due to a change in fiscal year or a Facility being operational for less than a year, the Provider must provide an annualized amount. To annualize the amount, divide the amount of revenue or expense by the number of months in the short or long fiscal year, then multiply the quotient by 12. When it is necessary to annualize the revenue or expense data, it will be necessary to overwrite the prepopulated amounts.
9. This form is meant to be completed in order, beginning with Schedule I. As you complete the report form, totals will be calculated and subsequent fields will be pre-populated based on your responses. Due to the nature of the MLR Calculation, many of the prepopulated lines cannot be overwritten. If you feel you need to overwrite a prepopulated field, selecting the "highlight fields" box at the top right corner of the screen, will allow you to view which fields can be changed. Selecting the "highlight required fields" box at the top right corner will show all required fields in a red box.
10. Please note that not all schedules apply to every Provider. A cursory review of the instructions for each schedule may save you time in the preparation of this form or alert you to the need for pre-approval by the Office before a specific schedule may be used.
 - Schedule I – Required
 - Schedule II – Required
 - Schedule III – Required unless the Facility has been in operation for less than 1 year
 - Schedule IV(A) – Required for Facilities with mortgage loans, leases, or other financing on the Facility.
 - Schedule IV(B) -Required for Facilities without a mortgage loan, lease, or other financing on the Facility.
 - Schedule V - Complete only if Section 651.035(4)(b), F.S., is applicable and the Office approval has been given.
 - Schedule VI(A)- Required
 - Schedule VI(B) – Complete only if monthly minimum liquid reserve required for facilities without mortgage loans, leases, or other financing on the Facility.
 - Schedule VII- Complete only if the Office has approved a reduced debt service reserve pursuant to Section 651.035(2)(b), F.S.
 - Schedule VIII-Complete only if the Office has given prior approval for the use of a letter of credit pursuant to Section 651.035(5), F.S.
 - Schedule IX-Required
11. The Enable Calculations check box (at the top of each page) will allow you to turn the auto calculation feature on or off. Turning off this feature allows for faster data entry, but in order to submit the form, this feature must be enabled to ensure all calculations and validations are correct.
12. The MLR Calculation is subject to review by the Office. The Office will review this calculation and may require amended or revised calculations if there are inconsistencies between this form and other information filed with the Office. Further, the Office may require a Provider to amend or revise this form if it does not approve a Request for Waiver of the Minimum Liquid Reserve or disallows a reduction in debt service reserves pursuant to Section 651.035(2)(b), Florida Statutes.

ATTESTATION

This filing will not be considered complete unless it has been attested to by the Executive Director or Facility Administrator and, depending on the Provider's business structure, at least one other individual as set forth below.

- If the Provider is an individual, the report must be attested to by that individual.
- If the Provider is a corporation or a limited liability company, the report must be attested to by one of its corporate officers.
- If the Provider is a partnership or unincorporated association, the report must be attested to by the managing general partner.
- If the Provider is a trust, the report must be attested to by all trustees and officers. Please print additional copies of this page as necessary to provide all required attestations.

The undersigned state that they are representatives of the Provider as specified above and that they are familiar with the laws of Florida relating to continuing care contracts. The undersigned acknowledge that this report is submitted for compliance with Chapter 651, Florida Statutes, and certify under penalty of filing false or misleading documents pursuant to Sections 817.2341 and 837.06, Florida Statutes, that the information provided herein is a full and true reporting of the requested information. The undersigned represent that they are authorized to file this report on behalf of the Provider and that by affixing their signatures to this document, the Provider has executed this instrument.

(Signature)

(Title)

(Typed Name)

(Date)

State of: _____ County of: _____

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this ____ day of _____, 20__ by _____, and:

- _____ who is personally known to me, or
- _____ who produced the following identification: _____.

(Notary Stamp)

(Signature of the Notary and Date Commission Expires)

(Signature)

(Title)

(Typed Name)

(Date)

State of: _____ County of: _____

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this ____ day of _____, 20__ by _____, and:

- _____ who is personally known to me, or
- _____ who produced the following identification: _____.

(Notary Stamp)

(Signature of the Notary and Date Commission Expires)

MINIMUM LIQUID RESERVE (MLR) CALCULATION
SCHEDULE I
GENERAL INFORMATION

Contact: _____ Contact Title: _____

Phone: _____ Ext: _____

Email Address: _____

1. This MLR Calculation is (select one):

- The Facility's annual MLR Calculation, filed with the Annual Report, as required by Section 651.026(2)(e), Florida Statutes;
- A recalculation of the MLR due to incurred additional financing or for which there has been a change in the aggregate amount of principal, interest, or leasehold payments due during the fiscal year; or
- An updated calculation filed before the initial release of escrowed funds.

2. This calculation is based on (select one):

- Annual Report data for the period ending on _____ and debt service requirements for the one year period following the as-of date of the Annual Report, which is _____ to _____; or
- Feasibility study data and debt service requirements for the current fiscal year which is _____ to _____.

3. Provider's Fiscal Year End: _____

A. Has Provider's fiscal year end changed in the last 3 years? Check if Yes

i. If Yes, Fiscal year-ending date of short/long fiscal year. _____

ii. If Yes, Number of months in short/long fiscal year. _____

4. For MLR Calculations filed with the Annual Report as required by 651.035(2)(e), Florida Statutes, the MLR Funding year begins 61 days after the Annual Report due date and ends one year later (61 days after the next year's Annual Report is due).

For new Facilities, Providers should enter the date that the Provider intends to secure release of moneys held in escrow pursuant to Section 651.023(6), Florida Statutes, as the beginning date for the MLR funding year.

For recalculations of the MLR based on a Facility incurring additional financing or a change to the aggregate amount of principal, interest, or leasehold payments due during the fiscal year, Providers should enter 61 days from the date this MLR Calculation is due to be filed as the beginning date for the MLR funding year.

The ending date for the MLR funding year is 181 days after the end of the Provider's current fiscal year.

The MLR funding year that applies to this filing is: _____ to _____.

5. Provide the following figures:
 - A. The number of continuing care and continuing care at-home residents at this Facility at the end of the most recent fiscal year. If the Facility has been open less than 12 months include the number of sales anticipated by the feasibility study for the MLR period ending date. Double occupancy pursuant to one continuing care contract constitutes two residents. _____
 - B. Provide the number of individuals, other than continuing care and continuing care at-home residents, at this Facility at the end of the most recent fiscal year. This includes renters, community patients, and any other individuals who reside at the Facility but are not the subject of a continuing care contract. If the Facility has been open less than 12 months, include the projected number of non-continuing care residents projected in the feasibility study. Double occupancy pursuant to one continuing care contract constitutes two residents. _____

6. Provide the information below regarding historical liability insurance premiums.
 - A. Provide the amount of liability insurance premium paid in calendar year 1999 or indicate if the Facility was not operational at that time.
 - o Not operational in 1999; or
 - o Liability premiums in 1999: _____
 - B. For Providers receiving a Certificate of Authority for this Facility during or after calendar year 1999, provide the amount of liability insurance premium paid during the first 12 months of operations. If the Facility has been open for less than 12 months, please provide the amount of liability insurance projected in the feasibility study. _____

7. Insurance Expense. Complete one row for each completed fiscal year. The most recently completed fiscal year should be entered as (A), the prior year as (B), and the period two years prior as (C). For a Facility that has been in operation for less than one year, use the insurance expense projected in the feasibility study. For a Facility that has been in operation for more than 12 months but less 3 years, enter data corresponding to each Annual Report that has been filed. Row (D) will compute automatically based on the values entered in Rows (A) through (C).
 - A. In Column C, please provide the amount of liability insurance expense paid during each of the MLR reporting years.
 - B. In Column D, please provide the amount of insurance expense paid for insurance other than liability insurance and property insurance during each of the MLR reporting years.

		C. Liability Insurance Expenses	D. Insurance Expense Other than Liability and Property Insurance
20	(A)		
20	(B)		
20	(C)		
Average	(D)		

Facility Name:

Enable Calculations

**SCHEDULE II
OPERATING EXPENSES FROM THE STATEMENT OF OPERATIONS**

Complete one row for each completed fiscal year. The most recently completed fiscal year should be entered as (A), the prior year as (B), and the period two years prior as (C). For a Facility that has been in operation for less than one year, enter the expenses projected in the feasibility study in Row (A). For a Facility that has been in operation for more than 12 months but less than 3 years, enter data corresponding to each Annual Report that has been filed. Row (D) is automatically computed by dividing the sum of the Columns (A, B, & C), by the number of completed rows.

Entries in Columns 8 and 9 should agree with the Facility Statement of Operations in the Annual Report. If the MLR Calculation is submitted with the Annual Report, Columns 8 and 9 will pre-populate. If you report an amount in Column 10A., attach a detailed calculation for the determined amount. This amount must be supported by CPA workpapers.

If you report an amount in Column 10B., attach a detailed summary of expenses. Only extraordinary expenses that are explained and documented in accordance with GAAP may be included.

Column 11 will calculate the difference between the values reported in Column 7C and the values reported in Line 6A. or 6B, as applicable. If the average is negative or 0, no benefit is gained, and Column 11 will be excluded from the calculation of Column 12.

Column 12 is automatically calculated based on Column 8 minus Columns 9 through 11.

8.	9. Deduct the following expenses:				10.		11.	12.
	A. Interest (Line 16a)	B. Tax (Line 22)	C. Amortization (Line 24)	D. Depreciation (Line 25)	A. Changes in obligation to provide future services*	B. Extraordinary Expenses*		
20____ (A)								
20____ (B)								
20____ (C)								
Average (D)								

Answer the yes or no questions below. If submitting with an Annual Report, the answers should be as of the last fiscal year-end date. Otherwise, your responses should be as of the date the MLR calculation is submitted. Except for Line 23, the form will automatically complete Lines 13 - 38. Please note that not all lines will be completed.

Has the Facility been in business for 12 months or more? Yes No

Is the physical plant owned by the Provider? Yes No

If the Facility has operated less than 12 months, the annual operating reserve is calculated below:

$$(13) \times (.30) \times (15) / (16) = (17)$$

- 13. Net Operating Expenses (Line 12D)
- 14. Operating Reserve Factor (.30)
- 15. CCRC Residents (Line 5A)
- 16. Total Residents (Lines 5A + 5B)
- 17. Total Operating Reserve

CALCULATION: _____ X .30 X _____ / _____ = _____

If the Facility has operated for 12 or more months, the annual operating reserve is calculated below:

$$(18) \times (.15) \times (20) / (21) = (22)$$

- 18. Net Operating Expenses (Line 12D)
- 19. Operating Reserve Factor (.15)
- 20. CCRC Residents (Line 5A)
- 21. Total Residents (Lines 5A + 5B)
- 22. Total Operating Reserve

CALCULATION: _____ X .15 X _____ / _____ = _____

**SCHEDULE III
RENEWAL AND REPLACEMENT RESERVE**

If the Facility has been in operation **12 or more months and is owned by the Provider**, the Renewal and Replacement Reserve is calculated as follows:

$$(23) \times (.15) \times (25) / (26) = (27)$$

- 23. Total Accumulated Depreciation on plant, property and equipment of the Facility as reported on the most recent audited financial statements.
- 24. RRR Factor (.15)
- 25. CCRC Residents (Line 5A)
- 26. Total Residents (Lines 5A + 5B)
- 27. Total Renewal and Replacement Reserve

CALCULATION: _____ X .15 X _____ / _____ = _____

Statutes limit the renewal and replacement reserve to 15% of a 3-year average of net operating expenses and is calculated as follows:

$$(28) \times (.15) \times (30) / (31) = (32)$$

- 28. Net Operating Expenses (Line 12D)
- 29. Reserve Limiting Factor (.15)
- 30. CCRC Residents (Line 5A)
- 31. Total Residents (Lines 5A + 5B)
- 32. Renewal and Replacement Reserve Limit

CALCULATION: _____ X .15 X _____ / _____ = _____

33. The Lesser of Lines (27) or (32) is your Renewal and Replacement Reserve Requirement.

This section is calculated only if the Facility has been in operation more than 12 months, is operated by but is NOT owned by the Provider, and the Facility's accumulated depreciation is NOT included on the Provider's books, the Renewal and Replacement Reserve limit is calculated as follows:

$$(34) \times (.15) \times (36) / (37) = (38)$$

- 34. Net Operating Expenses (Line 12D)
- 35. Reserve Limiting Factor (.15)
- 36. CCRC Residents (Line 5A)
- 37. Total Residents (Lines 5A + 5B)
- 38. Total Renewal and Replacement Reserve Limit

CALCULATION: _____ X .15 X _____ / _____ = _____

Facility Name:

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SCHEDULE IV(A) ANNUAL DEBT RESERVE – FACILITIES WITH MORTGAGE LOANS, LEASES, OR OTHER FINANCING ON THE FACILITY

Mortgage Loans, Bond Issues, or Other Long-Term Financing. For Columns 39 through 44, complete a separate line for each mortgage loan, bond issue, or other long-term financing of the Facility during the fiscal year reported in Schedule I, Line 2. Entries should reflect actual or expected debt service expenses applicable to the fiscal year for which the minimum liquid reserve is calculated. If no payments are due this fiscal year, enter 0s in the first line.

Leasehold Payments. For Column 45, record any leasehold payments due during the fiscal year reported in Schedule I, Line 2 and all costs related to such payments. A separate line should be completed for each lease. Entries should reflect actual or expected debt service expenses applicable to the fiscal year for which the minimum liquid reserve is calculated. If no payments are due this fiscal year, enter 0s in the first line.

Debt Service Reserves. Please note that if a Facility has a debt service reserve account that reserves for only one series of a bond issue, a separate row must be completed for each series of the bond. If the Facility has a debt issue with more than one debt service reserve accounts, a separate row must be entered for each portion of the debt reserved for by the debt service reserve account. For each account that the Provider would like to include in its minimum liquid reserve pursuant to Section 651.035(1)(b), F.S., please check the box next to that debt issue.

Waivers. For waivers approved pursuant to Section 651.035(3), F.S., only enter the amount the Office did not waive. Enter 0s in the first row if all principal and interest requirements were waived.

Property Taxes. All Providers are required to maintain a reserve for property taxes. For facilities with mortgage loans or other long-term financing, a Provider must reserve an amount equal to the amount recorded in its most recent audit. If the Provider's mortgage loan or other long-term financing does not require a tax payment reserve or does not require the Provider to reserve an amount equal to or exceeding that amount, then the Provider must maintain a tax payment reserve equal in amount for property taxes as recorded in the audited financial report required under 651.026, F.S. Property tax amount should agree with Line 22a Facility Statement of Operations in the Annual Report. If a reserve for property taxes is not included in any of the debt service reserve accounts reported below, please include property taxes in Column 44. on the last row of this schedule.

	39.	40.	41.	42.	43.	44.	45.	46.
	Description of Debt	Date of Financing Agreement	Principal Payments Due	Interest Payments Due	Subtotal Debt Service (41+ 42)	Tax Payment Reserve	Leasehold Payments Due	Total Annual Debt Service (43 + 44 + 45)
<input type="checkbox"/>								
<input type="checkbox"/>								
<input type="checkbox"/>								
<input type="checkbox"/>								
<input type="checkbox"/>								
<input type="checkbox"/>								
<input type="checkbox"/>								
	Property Taxes							
47. Total Sum of Column 46:								

Facility Name:

Enable Calculations

SCHEDULE IV(B) ANNUAL DEBT SERVICE RESERVE – FACILITIES WITHOUT MORTGAGE LOANS, LEASES, OR OTHER FINANCING ON THE FACILITY

Pursuant to Section 651.035(1)(a), F.S., if a Provider does not have a mortgage loan or other financing on the Facility, the Provider must deposit monthly in escrow as a minimum liquid reserve an amount equal to one-twelfth of the annual property tax liability as indicated in the most recent tax notice provided pursuant to Section 197.322(3), F.S., and must annually pay property taxes out of such escrow. Accordingly, the minimum required debt service reserve for the Facility will increase each month until property taxes are paid. The minimum required debt service reserve for each month is calculated below.

48. Annual Property Tax Liability as indicated in the most recent tax notice provided pursuant to Section 197.322(3), F.S., is _____ This is the Annual Debt Service Reserve.

49. The required monthly debt service reserve deposit amount is calculated by dividing the amount reported in Line 48 by 12.

CALCULATION: _____ / 12 = _____

50. The date the Property Taxes were paid is _____.

Please complete the schedule below to determine the minimum required debt service reserve for each month. Line 51 will show the deposit schedule, with each row containing the name of a month, starting with the month in which property taxes were last paid in 51A. After the first month is entered in 51A, the remaining months should automatically populate. Line 52 will prepopulate by multiplying the monthly debt service reserve deposit amount by the number of months since the property taxes were paid. For example, 52A will equal Line 49 times 1 and Line 52G will equal Line 52 times 7.

	A.	B.	C.	D.	E.	F.	G.	H.	I.	J.	K.	L.
51.												
52.												

**SCHEDULE V
REDUCED DEBT SERVICE ALLOWANCE**

Complete only if permanently not selling CCRC contracts and approved upon submitting proper request to the Office, pursuant to 651.035(2)(b), F.S. Enter the approval date on Line 53 and the form will calculate Lines 54 through 57.

53. Date of Office's Approval: _____

The Annual Debt Service is calculated as follows:

$(54) \times (55) / (56) = (57)$

54. Subtotal Debt Service (Line 47)

55. CCRC Residents (Line 5A)

56. Total Residents (Lines 5A + 5B)

57. Adjusted Total Debt Service

CALCULATION: _____ x _____ / _____ = _____

**SCHEDULE VI(A)
MINIMUM LIQUID RESERVE REQUIRED**

These lines show the Facility's MLR requirement by component and the total MLR requirement.

58. Total Annual Debt Service from Schedule IV(A), Line 47, Schedule IV(B) Line 48, or Schedule V, Line 57, as applicable: _____

59. Total Operating Reserve from Schedule II: _____

60. Total Renewal and Replacement Reserve from Schedule III: _____

61. **Total Annual Minimum Liquid Reserve Requirement:**
(Lines 58 + 59 + 60) _____

**SCHEDULE VIII
USE OF LETTER OF CREDIT FOR
MINIMUM LIQUID RESERVE**

Complete only if a letter of credit approved pursuant to Section 651.035(5), F.S., and the Office, is used to satisfy part of the minimum liquid reserve requirement. Entering a date on line 73 will prompt the form into completing lines 74 - 76. The amount calculated on Line 76 is the minimum cash balance required in your operating reserve regardless of the letter of credit funding amount.

Enter the amount along with the expiration date of the letters of credit.

75. The Date of Approval accepting
the Letter of Credit: _____

The Required Operating Cash Reserve is calculated as follows:

(Column 72) x (.167) = (74)

76. Total Net Operating Expenses (Line 15D)

77. 2 months / 12 months (.167)

78. Required Operating Cash Reserve

CALCULATION: _____ X .167 = _____

79. Enter the Amount and Expiration Date of all Letter(s) of Credit

Amount: _____ Date: _____

Amount: _____ Date: _____

Amount: _____ Date: _____

NOTE: The letter of credit operating cash reserve must be on deposit in an unencumbered MLR escrow account regardless of the letter of credit amount pursuant to Section 651.035(5)(d), F.S. The operating cash reserve cannot be pledged or used as collateral to secure the letter of credit. If the letter of credit expires and does not include automatic renewal language or reprices each year upon recalculation of your MLR, you must submit the original irrevocable letter of credit to and in favor of the Office prior to the funding year (61 days after Annual Report is due).

Facility Name:

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FURNISH THE FOLLOWING INFORMATION:

SCHEDULE IX ESCROW ACCOUNTS

80. The escrow agent name, address, contact name, title, phone number, and fax number of the escrow agent(s) who has custody of the MINIMUM LIQUID RESERVE escrowed funds, or any funds used to satisfy MINIMUM LIQUID RESERVE requirements.

Escrow Agent	Street Address	City	State/ Prov.	Zip/Postal Code	Contact Name	Title	Phone #	Fax #

81. Provide the name of the lender or trustee, the account number or account numbers and identify each account established for all funds held in escrow pursuant to Section 651.035, F.S. Furnish the unique identifier assigned by the Office to the escrow agreement, the balance as of the fiscal year end with which the calculation is being filed and that date. If the calculation is an initial one, enter the amount and projected funding date that will be transferred into escrow.

Financial Institution or Bank Name	Account Number	Escrow Agreement Unique Identifier	Balance	As Of